BOOK AWARD ISSUE ◆ Fallows on Halberstam ◆ Reviews by David Ignatius, Douglas Kiker, Harry McPherson ◆ Plus Alter, Branch, Lemann, Noah, and Easterbrook.

The Washington Monthly

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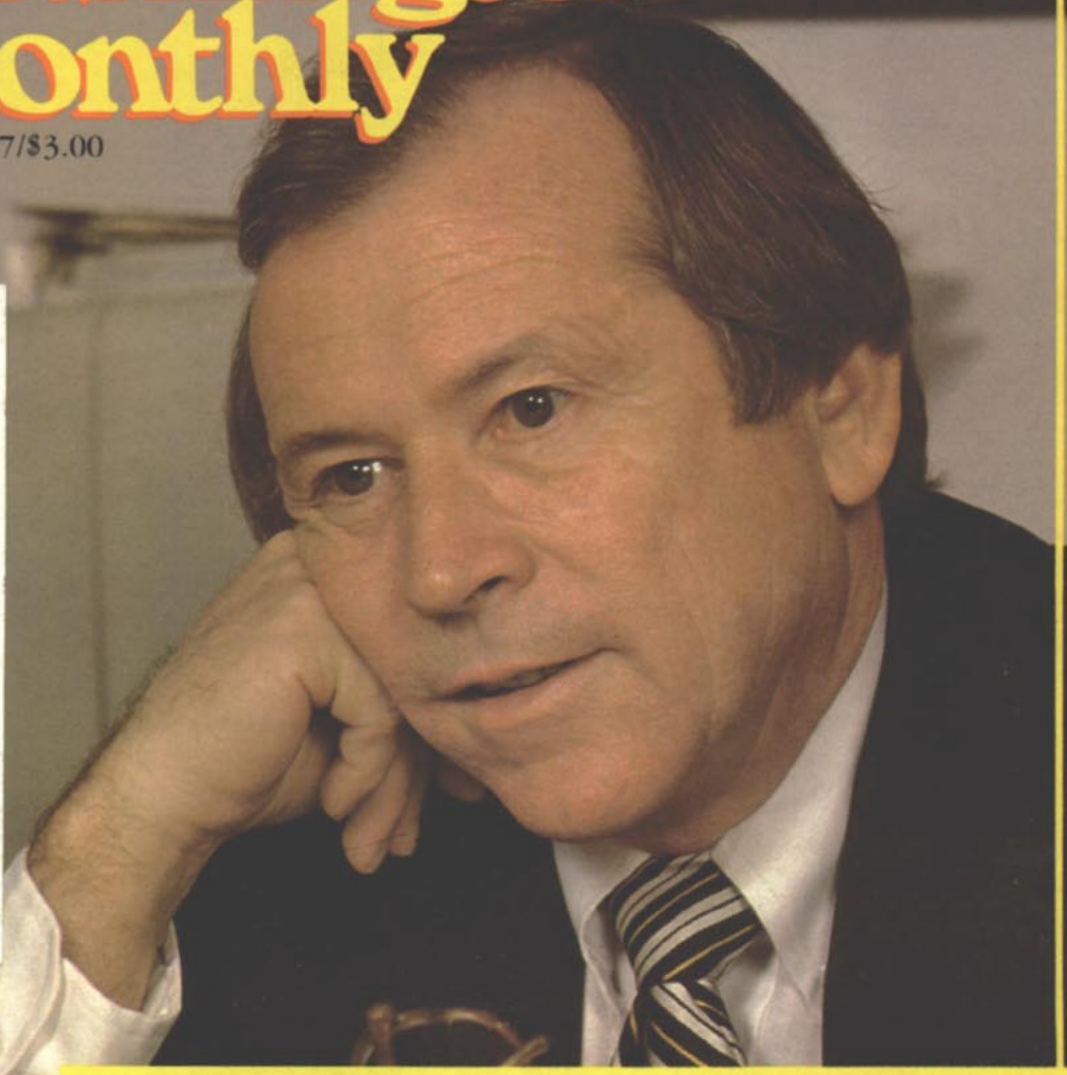

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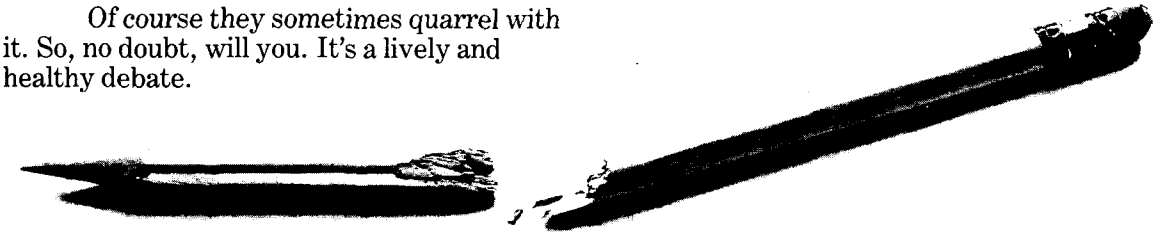

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LETTERS

An admirable man

Allen J. Lichtman's article ["Tommy the Cork: The Secret World of Washington's First Modern Lobbyist," February] contains inaccurate and misleading statements about the late Thurman Arnold. The record should be set straight in the interest of history and in justice to the memory of a remarkable man.

First, Arnold is most emphatically not an example of a man "who serve[d] the public interest for a short time for the sole purpose of cashing in later." He served as Assistant Attorney General in charge of the Antitrust Division for five years, from March 1938 until January 1943 when he was appointed by President Roosevelt to the U.S. Court of Appeals for the District of Columbia Circuit. Arnold is remembered as the most vigorous and uncompromising enforcer of the antitrust laws in the 97-year history of the Sherman Act. He found the role of an appellate judge too passive, and he resigned from the court in 1945.

Second, the implication of the article is that Arnold was a Washington lobbyist in the style of Corcoran. I was privileged to work with Arnold for 12 years, and I cannot recall any instance in which he was a lobbyist. It is possible that he was retained as a lobbyist in some matter, but if so, lobbying was an extremely small part of his practice. He spent his years in private practice trying cases in the federal and state courts, institutions that are certainly not susceptible to influence peddling. He and others in his firm were frequently appointed by the courts to represent all manner of persons on a *pro bono* basis, because his dedication to the public interest rather than to self-enrichment was so well known.

ABE KRASH
Washington, D.C.

Allan Lichtman replies:

My article neither impugns Thurman Arnold's record as a public servant nor suggests that he was engaged in the same activities as Thomas Corcoran. He was mentioned only as a notable example of a New Deal official who drew on his governmental experience to establish a profitable law firm that has been deeply involved in political affairs.

Governor doesn't answer prayers

Your gratuitous crack about Tennessee's new governor, Ned McWherter ["Tilting at Windmills," February] illustrates not only your ignorance about McWherter the man, but also about the steps he has taken to ensure no conflicts between his service as governor and his investments in state-regulated businesses.

It's true, as you noted, that McWherter has "extensive holdings" in a bank, a trucking company, a nursing home, and a beer distributorship. But how, precisely, does that make him, a public official, "the answer to the lobbyists' prayers"? Are you suggesting he will promote or oppose legislation depending on its effects on those industries' bottom line?

In fact, one of the first bills the McWherter administration has sent to the General Assembly would impose stiff civil penalties on nursing homes for health and safety violations. Not surprisingly, the nursing home industry is opposed.

MICHAEL LOFTIN
Chattanooga, Tennessee

Mid-life bliss

Bravo on your comments in February concerning mid-life career changes ["Tilting at Windmills"]. As one who has also been there—a 13-year Naval career swapped in favor of return to academia and hopefully a future career in journalism—I too had similar fears concerning whether the decision was prudent and appropriate during my last year on active duty.

My final resolve came from a short story written by Graham Greene, and although I do not remember the story, I did write the quotation down: "What is cowardice in the young is wisdom in the old, but all the same one can be ashamed of wisdom."

Which I interpreted as meaning that the safe, sane, and logical course is not always the best course to take. As you said, "Whatever you decide to do, the point is to decide and move." In my case, the safe, sane, and

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logical position would have been to continue my naval career until retirement, but it would have been a wisdom to be ashamed of, as Greene said.

Do I feel the occasional twinge of doubt, having left a very secure and promising career for the iffy proposition of the mass media? Yes, but I do not regret it, because contrary to my last few years in the Navy, I again enjoy my work.

DAVID ALAN CLARK
Tequesta, Florida

The case against the $435 hammer

In his article ["The Case for the $435 Hammer," January], James Fairhall justified $435 for a hammer by applying the theory that an equal amount of support costs are applied to every line item, regardless of the price of that item. By the end of the article, the question, "What amount of money was allocated to the hammer?" remained unanswered. It is telling that he never once let on what this figure was. During congressional hearings and in conversations with navy officials, however, the navy claimed that one of two figures was added to each line item in the Grumman contract, either $385 or $422. At $435, this might explain part of the high cost of the hammer. But also on the list of items in the contract were a $4.97 cartridge fuse, a $57.50 circuit breaker, and a $189 sensor. What about these items? If there was an equal allocation of support costs, these prices would have to have been higher than either $385 or $422. Following Fairhall's thesis, these spares would have to have been priced with negative figures. Moreover, 196 of the 420 line items on the list, nearly half, had unit prices *lower* than the amount that was supposedly added to the base cost.

In trying to explain this anomaly, the defense has been made that these items were bought in two separate lots; those parts priced at less than $385 must have been bought in a different lot, using a different allocation formula. According to the actual contract, however, 190 of the 196 items which would presumably be in this different lot were all, in fact, in the same lot as the hammer. Therefore, they should have been allocated the same $385 or $422 as the hammer. They were not.

We find it remarkable that there are *still* proponents of this apology for what comes down to waste and inefficiency in the pricing of spares. When it takes Orwellian logic ("some have more of an equal allocation than others") to keep this theory alive, even paying $435 for a hammer begins to make sense.

DANIELLE BRIAN-BLAND
JOHN RILEY
DINA RASOR
Washington, D.C.

The writers are with the Project on Military Procurement.

The editor replies:

The ironically-intended title, "The Case for the $435 Hammer," seems to have blinded Brian-Bland, Riley, and Rasor to what the article says. The article did not

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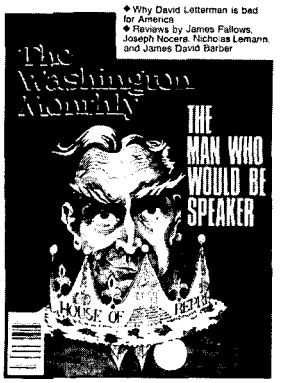

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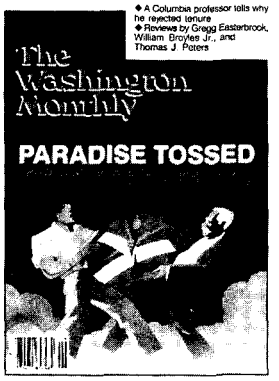

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say it's reasonable to pay $435 for a hammer, and it did not defend the equal allocation formula as a proper method of accounting. Indeed, on the first page of the article, James Fairhall wrote, "It's a good bet we paid too much for it [the hammer] (for reasons related in part to something called the equal allocation method and in part to larger problems in defense procurement)." Rather, the point of the article is that while we paid too much, we did not pay $435 for the hammer, and because of the screwy system called the equal allocation method, we don't know how much we paid.

In questioning the role of the equal allocation formula as an explanation of the $435 price, Brian-Bland et al. raise a legitimate question: If costs were allocated equally—i.e. if they added $422 to the price of everything—how could it be that there were items with prices of far less than $422? The answer is, like most things involving the Pentagon, a little complicated. Support labor costs were allocated to all items equally in the proposal that was the basis of negotiation between the Defense Logistics Agency and Gould. Gould agreed to a lower total price for the entire contract. Rather than reallocating the reduction to all 462 items, it simply reduced the prices of some items but not others. The hammer remained $435, for instance, while a fuse cartridge was reduced to $4.97. Although the allocation of the reduction was done somewhat arbitrarily—it's simply easier to heap the reduction on a few items than recalculating everything—there was some reason. Gould wanted the larger prices to be on items that would be shipped earlier, like the hammer, so they would get bigger payments up front.

We certainly didn't argue that all this makes sense. Much about the Pentagon does not make sense. But the hammer did not cost $435 and a great deal of energy was wasted on that mistaken assumption rather than on attacking fundamental problems of defense procurement.

One step ahead

Michael Kinsley's letter in your February issue was better than your answer ["Tilting at Windmills"]. You say that buying the used stock of DeadintheWater "produces no economic benefit," whereas the new issuer Alive and Vital will "hire and build." That's true if you only look at the first move, but such thinking is no wiser in public policy than in chess.

In fact, the availability of a market in "used" shares of stock greatly increases the value of "new" stock, as with cars. Economic historians like Braudel credit the liquidity created by public resale markets with major responsibility for the economic triumphs of Holland and England from the 17th to the 20th centuries. You cannot, therefore, so simply distinguish the virtue of a new issue from an old.

In the same fashion, your proposal ignores the reaction markets will have to its effect. Your law raises the after-tax gains on new issues. Very quickly, the market would raise new issue prices to restore the same rate of return that prevailed before. Once this adjustment takes place, investors would buy no more new issues than before. All that would remain is the cost of your boondoggle, and a built-in lobby to sustain it forever.

By thinking no more than one step ahead, you have created a traditional liberal proposal: it attacks an evil directly, but ignores indirect consequences that may eviscerate the original intent, leaving only the cost and problems.

KEITH ROBERTS
New York, New York

Charles Peters has the better of the argument, especially with his illustration of the mature DeadintheWater Corp. versus the start-up Alive and Vital Inc. I've argued the same point in terms of the choice among investing in secure U.S. Treasury bills or taking a chance with a potential IBM corporation.

Peters's point is even more telling when one considers that the 1986 tax reform debate failed to focus sufficient attention on the economic impact of the interaction of federal and state capital gains taxes (e.g. the bottom line for the entrepreneurial investor). The federal capital gains tax bite increases from a maximum of 20 percent to 33 percent and as high as 49 percent for some investors. But, the combined federal and state capital gains tax increases are over 100 percent according to Arthur Andersen & Co.

Second, a significant capital gains differential doesn't cost Uncle Sam a nickel. This is not just supply-side economics. Within some reasonable range higher capital gains taxes lose government revenues, and lower capital gains taxes increase the Treasury's take. That's because it is the investor who decides when to realize his capital gain and who, thus, is very sensitive to the tax rate on his investment. Look at the actual historic evidence of the impact of higher and lower capital gains taxes on government revenues. Although the maximum federal capital gains tax declined from 50 percent in 1978 to 20 percent last year, revenues to the Treasury were 132 percent higher in 1984 (inflation and a bigger GNP aren't sufficient explanations).

Consider also what the Treasury Department's capital gains report (September, 1985) said on the subject: "Any effort to raise substantial revenue by increasing capital gains tax rates. . . is likely to be ineffective."

Yet congressional and treasury revenue experts are counting on the '86 capital gains tax hikes to contribute some $20 billion over five years to the government in tax receipts.

I'll go with Peters over Kinsley on the economics. In the age of Gramm-Rudman, I worry about what the '86 capital gains tax changes will do to the deficit. And, since we're all now talking about international competitiveness, think about the fact that 11 industrialized and Pacific Basin countries, including Japan and West Germany, exempt long-term capital gains from taxation. (Nine countries impose no tax on capital gains at all.)

MARK BLOOMFIELD
Washington, D.C.
Mr. Bloomfield is president of the American Council for Capital Formation.

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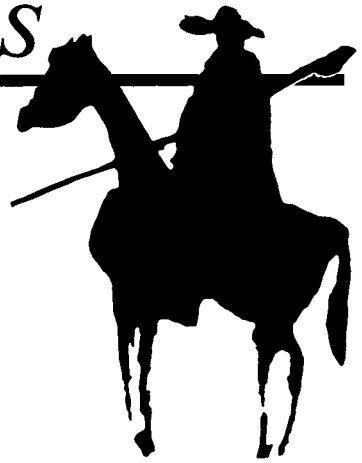
TILTING AT WINDMILLS



On Wednesday February 25, the Tower Commission report had not been issued, but many of its findings already had been leaked to the press, and the White House and its scandals dominated the news that day. I happened to be lunching at a small Italian restaurant on P street called Galileo's. Sitting at another table directly in my line of vision were Nancy Reagan and George Will. They were locked in what was obviously a very serious conversation. The smiles were few, the thoughtful pauses long. Clearly they were not discussing the weather. The next night on ABC News, I heard Peter Jennings discussing Irangate and the Tower report with Will: "George, you're very close to the Reagans. Have you discussed this with them?" Will's reply was, "No, I haven't spoken to them."...

Ford is giving its workers a 1986 profit-sharing check, averaging $2,100 each. GM has announced that it will make no profit-sharing payments. It has also announced that it will distribute $169 million in bonuses to its executives. Not long thereafter, it made public a plan to buy back a substantial amount of its common stock, which will enrich its stockholders. Thus the managers and owners are taken care of but not the workers. Now you understand why unions are still needed.

But it is also true that unions must reform. A case in point comes from New York, where it was recently revealed that a housing project for the homeless had been delayed for months, and its cost increased more than one-third. Why? Because of the refusal by construction unions to allow the use of fully prefabricated units....

If you're a student of how government executives get around town, you probably know that many of them do so in chauffeur-driven limousines. But if you look closely, they're often Fords or Mercurys or equivalent makes, not the names you associate with luxury vehicles. The catch is they are the top of each line, e.g. the Mercury Grand Marquis. But when Congress asks what kind of car his agency uses, the bureaucrat can piously reply: "We use only Fords and Mercurys."....

We noted in last month's issue that *The Washington Post* had placed an important story by Morton Mintz on page K-2. One reason Mintz has often received such treatment during his long and distinguished reporting career is that he is an active union member who takes delight in tormenting the *Post*'s brass with revelations about such embarrassments as their high salaries and generous perks. His latest discovery is a management memo on labor relations that contains this edifying passage:

"The purpose of corrective discipline is to *demean the employee*, in his eyes, in the eyes of his family, and the eyes of his fellow

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employees—*make the demeaning stick with him* by putting the reprimand in writing and mailing it to his home."...

I have been remiss in keeping you up-to-date on the schedules for those tax-deductible, continuing medical and legal education seminars. This month you can ponder Preventive Medicine in Palm Springs, Anatomy for Attorneys in Las Vegas, Litigating Psychological Injuries in Hawaii, Psychiatry and the Law in Jamaica, Neurological Injury at Lake Tahoe, Anatomy for Attorneys (Part II) at Hilton Head. Is it possible that education is not the primary motive of those attending the seminars?

A hint as to the answer is provided by an advertisement in the *Medi-Legal Journal* for the Cancun-Cozumel symposium on Assessing the Head Trauma Case. The ad contains six paragraphs of copy with not one word devoted to the substantive content of the gathering. The only reference to education is in this paragraph:

"In Cancun, visit the ancient archeological Mayan ruins, which will prove to be an unforgettable educational experience—Or—Shop! Shop! Shop!—Or—Relax and enjoy the most incredible beaches with 10-foot breaking surf."

The ad continues in this vein—"Cozumel is a paradise for scuba divers and snorkeling"—and ends with "*Remember—it's tax deductible!*" It does appear that a few details got left out of the 1986 tax reform law....

A quadrennial Washington ritual is about to begin. It involves the hundreds of smart Washington lawyers who secretly suspect they have wasted their lives and yearn to connect with the right presidential candidate so that in January 1989 they will be Mr. Secretary of such and such or at the very least occupy a position of sub-cabinet rank. Washington staff members for the candidates will be suitably impressed by the resumes the lawyers have to offer, and they will be willing, even eager, participants in the courtship dances of the next year that will determine which lawyer goes with which candidate. The candidates would be much better advised to pursue bright young lawyers in their primary states, who have the energy and the local contacts needed to make a difference. The arrived Washington lawyer frequently is over the hill in the sense of having the drive necessary to maintain his practice here and do enough work to really count in the primaries. All he has to offer is his name, and that, sadly, seldom means much in Iowa or New Hampshire....

Usually, I can be found on the side of those favoring less civil service, not more. But in the case of the White House staff, my position is reversed. The White House now has no institutional memory. Reagan fired even the secretaries from the previous administration. And Carter had removed all the White House files for his presidential library. (How did we ever accept the bizarre idea that these files are the outgoing president's personal property and not that of the nation?) The result has been that experiences like previous attempts to get help from Iranian "moderates" were not available to the Reagan White House either through documentary record or the recollection of colleagues. It is, of course, not clear that, had such information been available, McFarlane, Poindexter, or North would have had the wit to attend to it. But it would have been nice to have someone around to tell them. That is why I favor having on the White House staff a *small* contingent of high-quality civil servants, whose function would be to preserve and transmit institutional memory.

As for the president's papers, the law has been changed to make them government property, but, incredibly enough, they can all still be removed from the White House and sent to a presidential library....

Speaking of the White House, I should mention what I feel is one serious omission in the discussion of the chief of staff's role that we are publishing in this issue. It concerns the need for the chief of staff to have some follow-up mechanism that will make sure he knows not only whether orders are carried out but how they are carried out. When the president says, "Ollie, see what you can do to help the contras," or "Bud, can't we establish some kind of contact with the Iranian moderates?" and later gets back the report, "Mr. President, I've taken care of that," someone has to find out what it was that Ollie

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did. The danger lies in the combination of the vagueness of the instruction and the zeal and bad judgment of the subordinates who carry it out. If the chief of staff makes sure that the subordinates know that the president will find out, or at least might find out, exactly what they have done, it is somewhat less likely that they will behave illegally or recklessly in carrying out instructions....

An unfortunate truth about foreign aid that liberals have been reluctant to face is that a very high percentage of it ends up in the pockets of high officials of the recipient countries. In this regard the liberals are following their principle of Don't Say Anything Bad About the Good Guys, the "good guy" in this case being foreign aid. I am glad to report one sign that this may be changing. After receiving a GAO report indicating that our aid to Liberia was going to its president, Samuel K. Doe, and his cronies, Senator Edward Kennedy has proposed that aid to Liberia be suspended. We are right to want to give economic aid the nations of the Third World, but we have to face the fact, as Senator Kennedy is now doing, that such aid does no good if their leaders blow it on shopping trips to Paris....

Speaking of foreign aid, another GAO investigation is under way into charges by John Ferch, the former ambassador to Honduras, who is now diplomat-in-residence at Brown University, that U.S. officials pressured Honduras to ask for $20 million in aid last March to strengthen the appearance of a threat from Nicaragua. This story has a specific aroma to it, one that might be called Essence d'Elliot Abrams, but U.S. pressure on foreign countries to request aid has not been uncommon. Often the motivating force is that the end of the fiscal year is approaching and AID is desperately searching for ways to spend this year's appropriation so that its current budget request will seem credible to Congress....

In addition to being allowed to sell hundreds of millions of dollars of stock before the case against him was made public, Ivan Boesky seems to have gotten away with secretly transferring control of an Oklahoma City television station to his wife. This was done on September 3 of last year—after Boesky knew he was being investigated but before the government's charges against him were made public on November 14....

By the way, did you know that *The New Republic* killed an article critical of Boesky last fall? What makes this interesting is that *The New Republic*'s owner was one of Boesky's main partners, with an investment in excess of $8 million. If Boesky's associates had to benefit from his illegal activities, I'm delighted that at least part of the booty supports the work of the brilliant Michael Kinsley. I'm not so sure, however, that I'm equally delighted about the high salaries and fancy offices that have gone to his neo-conservative colleagues....

The Pentagon continues to assure us that it is having no problem recruiting high-quality volunteers for the service. Hard demographic realities—namely the decreasing pool of 18-year-olds—indicate that this happy situation will not prevail much longer. In fact a recent recruiting scandal in Minnesota suggests that the good times may already be over. Army recruiters based in Minneapolis were discovered by the *Minneapolis Star and Tribune* to have "forged diplomas, concealed criminal records, and committed scores of other violations to meet recruiting goals." And the culprits were not just one or two overly zealous recruiters, but 58 officers and enlisted men. Recruiters retained their positions even though they were known to have forged diplomas and used ringers to take tests. Of the officers who kept them on, an army investigative report said that "production is the first priority of the command and integrity is almost out of the picture."

The most troubling fact to emerge from this scandal was, when it was finally straightened out and the recruiters went back to following the rules, Minneapolis's "production" of new volunteers dropped from near the top to near the bottom of army recruiting stations throughout the country. Does this not give us a faint hint that most of the other stations aren't following the rules either?

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The Minneapolis story came out because a sergeant blew the whistle, reporting the violations to the recruiting command at Ft. Sheridan, Wyoming. His reward was his commanding officer's request that he receive a psychiatric evaluation. He also received two anonymous phone calls warning that he would be killed....

Have you seen the movie *Delta Force*? It's an exciting story about how an American commando team rescues hostages held by terrorists who have hijacked an airplane. The sad thing is that it's fictitious. While the Israelis demonstrated at Entebbe that it *could* be done, we have never been able to pull off such an operation. Our incompetence at Desert One was pathetic. But conservatives don't want to criticize the military and too many liberals think all such operations reek of Rambo and therefore refuse to give any importance to figuring out how to do them well. The result is that when negotiation, which should of course be attempted first, concludes with terrorist demands that are beyond what we could or should meet, we are helpless....

Another piece of fiction—the new thriller *State Scarlett* by David Aaron—suggests your worst fears about terrorists stealing a nuclear weapon and leading the superpowers to conflict are warranted. Our failsafe system in this story turns out not to be safe at all. The details about no one really knowing how many nuclear weapons we have or where they are, not to mention our inability to monitor the Soviets' moves, carry the weight of Aaron's authority as a former deputy director of the National Security Council. One weak link described in the book is the personnel manning the Satellite Control Facility at Sunnyvale California. Evidence that Aaron knows what he's talking about comes from the *San Jose Mercury News* which discovered that people in sensitive jobs at the facility have slept at their posts and disconnected an alarm system designed to warn them of important messages. "Most places unplug the audible alarm because it's so annoying," one airman said. Others revealed that they signed time cards indicating they worked in pairs, while in fact only one was at his post as his colleague moonlighted in an outside civilian job. The problem is that when the moonlighters actually come on duty, they are often so tired that they put a pillow on their desk and go to sleep. They are alone because now the other guy is moonlighting and the alarm is still turned off....

In "The Premed Machine" (May 1985) Paul Barrett wrote about the vicious competition among premed students that resulted in their taking gut courses in non-science areas so that they could concentrate on doing well in courses like organic chemistry that were required for admission to medical school. Barrett's main example of this unfortunate

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situation was the University of Pennsylvania. Last month there was this headline in *The New York Times*:

> Penn Ends Required Studies For the Premedical Student....

Another recent *Times* headline—this one read "U.S. Oil Shortages Predicted" — reminds me to make another plea for Congress to enact a standby gasoline rationing authority. I don't think we are threatened by a long-time energy shortage—we have enough natural gas to prevent that—and I don't think it's probable that there will be any short-range shortage. But I do think it is possible that OPEC will get its act together sufficiently to cause a gasoline shortage in the next few years. This could have the same devastating inflationary effect as the two shortages of the seventies. OPEC is frail enough that rationing would quickly bring it to its knees, sparing us the evil consequences that can ensue when rationing is prolonged....

Since the breakup of AT&T, and the accompanying deregulation of the phone business, you may have noticed that you are having to pay for a lot of services you weren't charged for before. The latest example is what the General Telephone Company of California calls "Linekeeper Service" to repair and maintain lines inside your home. General gave its customers until this month to decide whether they want to pay for this service. If they haven't said yes by now, they're going to have to shell out $85 for an "inspection" to join later on. General's excuse is, "Today we know your inside wiring is fine, but six months from now, we don't know." The fact is that if your phone is still working they won't know any less about the state of your wiring then than they do now....

If you wondered why California voters threw such a nice liberal as Rose Bird out of office, consider this decision by her court that overturned the sentence given Bernard Lee Hamilton for the murder of Eleanore Frances Buchanan. The Bird court found that his "intent" to kill her was not clear. Although he had stabbed her, hacked off her hands, and cut off her head, the court held that "the victim might have been killed accidentally."...

The Washington state legislature is considering a bill that would finance auto insurance through a tax on gasoline. This is an interesting idea. It would eliminate the cost of the agents who now sell the insurance and of all that "You're In Good Hands" advertising and, because the Washington plan is "no fault," of all the expense of the litigation....

Another intriguing legislative proposal—this one from Oregon—would require doctors and lawyers, as a condition of keeping their license to practice, to give part of their time to providing service for the poor. Why not? The people give the doctor or lawyer a license to make money. Why shouldn't they ask for something in return?...

Following the hallowed principle of the American Bar that every accused criminal is entitled to the best defense he can pay for, Florida lawyers have been falling all over themselves seeking to represent Carlos Lehder, the alleged Colombian drug dealer and killer who also happens to be a billionaire. Among the strategies lawyers are considering to get Lehder off is the insanity defense. "It may be a fact," one lawyer told *The Wall Street Journal*, "that he can't tell right from wrong." I submit this as Exhibit Number 193 in my case against the insanity defense. Of course anyone who commits a lot of crimes can be said to not know right from wrong. That doesn't mean he should escape trial and conviction. It might conceivably bear on whether he should receive psychiatric treatment while he is being incarcerated, but incarcerated he should be, if not for vindictive punishment, to protect the rest of us from what he would do if he got out....

I'm indebted to my friend, James Dent of the *Charleston Gazette* for the following story:

It seems that a lawyer had died and gone to the place where lawyers usually go. When he arrived, he complained to the admissions officer, "Look here, I think somebody has made a mistake. I'm only 39 years old, and I've never been sick

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a day in my life." The admissions officer dutifully checked his computer and then looked up and said, "Ah, here it is. We calculated your age from the number of hours you billed your clients, and those figures show you are 94.". . .

I'm sorry to report that Jim Dent's employer, Ned Chilton, who was the *Gazette*'s publisher for 20 years and a great crusader for justice and fair play, died last month. The loss is a personal one for me—he was one of my closest friends—and a possible tragedy for the state of West Virginia. It appears that the paper will have to be sold. The evening paper, the *Daily Mail*, is also being sold, because of the illness of its owner. Thus, what has been a glorious journalistic situation in Charleston, described in these pages just a few months ago, with a good liberal morning paper and a good conservative evening paper, is in danger. I hope there will be separate buyers who are determined to keep each of them alive. Since they are both profitable, this hope is not necessarily unrealistic. But what I fear is that a big chain, greedy for even more profit, will merge the two into one paper that will make more money but have no soul. . . .

One of Ned's last editorials was about intelligence tests. He complained that they measure analytic skill only and do not recognize two other important forms of intelligence, the innovative and the practical. This helps explain why our society—as it seemed to become increasingly meritocratic in the post-war years, with people getting into the best schools and then landing the best jobs on the basis of test scores—gave decreasing recognition to the fellow whose imagination conceived good products or whose practical ability turned innovative ideas into reality. The result, as James Fallows points out in this issue, is that we were ruled by Bob McNamaras, whose clever analysis could destroy both the designers and the engineers who might have produced the good car and the other quality products that the country needed to remain competitive. . . .

—*Charles Peters*

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BY AND ABOUT CURRENT AND FORMER OCC STAFF

3-1 "The Banker's Magazine interview: John G. Heimann." BANKERS MAGAZINE, vol. 169, no. 1, January/February, 1986, p. 8-13.

3-2 Bench, Robert R. "The supervisory approach to concentration of risk." JOURNAL OF COMMERCIAL BANK LENDING, vol. 68, no. 6, February, 1986, p. 37-43.

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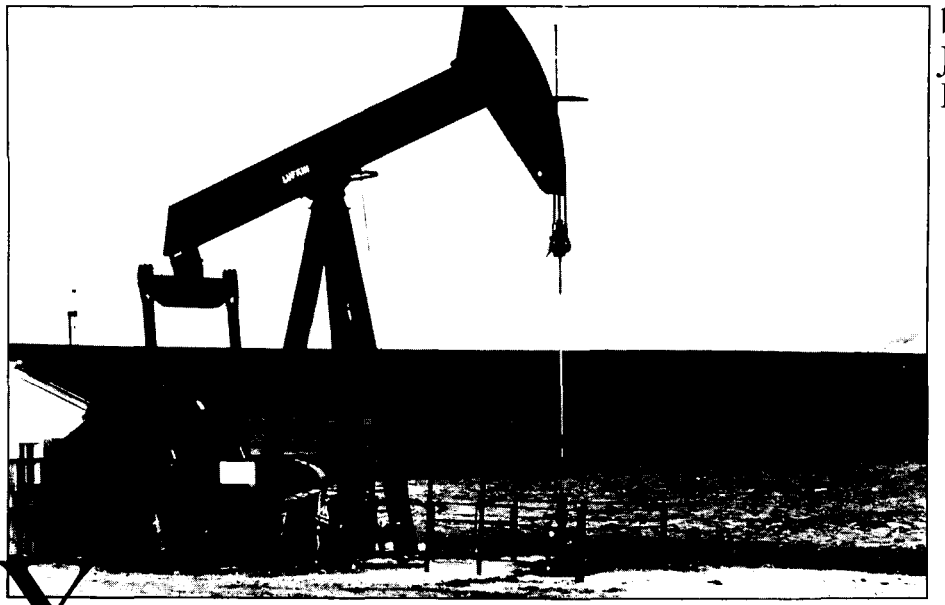

Photo: Chevron Corporation

by John Eisendrath

YOU THINK THE NSC IS SCREWED UP?

Take a look at Washington's worst run program

You can always tell a government program isn't working well when the General Accounting Office decides it can save itself some work by starting each new report on a program with the exact same paragraph. The federal government's royalty management program, operated by the Department of Interior, is a prime example. "Historically, [Interior] has not placed a high priority on the collection of oil and gas royalties," begin the GAO's 1981, 1982, and 1983 reports. "Consequently, serious deficiencies in the collection system that were identified over 20 years ago persist today."

During the past 33 years, three task forces, one blue ribbon panel, and five outside contractors have tried to improve the Interior's management of this huge program; the GAO, Interior's own inspector general, and five different congressional committees have weighed in with 18 reports totaling 1,319 pages.

Without success. The problem is now worse than ever. According to a report issued last September by the House Appropriations Subcommittee on the Interior, the government may be failing to collect as much as $1 billion a year in royalties. The government, of course, disputes the exact amount, but admits that hundreds of millions of dollars did go uncollected in 1985, and that over the years, billions more have been lost. The subcommittee estimated that the undercollection rate is twice that of five years ago, and more than triple the estimated undercollection rate of 1975.

These royalties are paid on oil and gas pumped from federal and Indian lands that have been leased to private companies. In exchange for their leases, companies pay 12 to 16 percent on whatever they produce, which can be a significant source of revenue; since 1979, the government has collected more than $28 billion. Indians receive all the royalties paid by companies leasing their land; states get half the royalties earned from public land inside their borders.

Now, you may have more important things to worry about than whether New Mexico is getting its fair share of royalties. It's a good bet most people in New Mexico don't even care. What everyone from Santa Fe to the Senate should care about is that the royalty management program represents government so out of control it makes the National Security Council seem orderly.

The seven percent solution

Until 1982, royalty management was done by Interior's U.S. Geological Survey (USGS), a divi-

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sion well respected for its scientific undertakings. But even in 1959 the GAO pointed out that the study of rocks and the collection of money have little in common. Interior informed Congress that it "seriously considered" this point in 1963 and again a year later. Interior's thoughtfulness, however, was swiftly followed by decades of inaction.

The geologists meant well. In an early effort to straighten out the collection mess, the director of USGS in 1954 ordered a bureau-wide audit under the direction of a new chief inspector. The only problem was that the order provided no staff. For seven years the "chief" inspector was the only inspector. When the GAO noted the chief inspector had not yet conducted an audit, it suggested USGS give the poor guy some help. A small staff was assigned in 1961, but no audits were done until 1964.

For most of the next 15 years, USGS maintained this grueling pace. Of a sample of 5,000 leases in 1979, the GAO found that only eight had been audited. The following year, a look at 18,000 leases showed that USGS auditors had examined only 92.

To do all this work, the royalty management program by 1980 employed 321 people. Unfortunately, 315 didn't know very much about collections: only six were CPAs. When a blue ribbon panel pointed this out to Interior in 1982, the agency decided the Minerals Management Service could do a better job. The MMS has 130 auditors, 108 accountants, and a staff of 618 whose sole purpose is to collect royalties.

But for all its apparent expertise, the MMS has done its predecessor proud. To make up for all the previous lax years, the MMS in 1983 began auditing the major companies involved in oil and gas leasing over the previous five years. Auditors were assigned, money was appropriated, and sure enough, $320 million in underpayments was found. That sounds like a lot, but Congress now estimates that undercollections for those years total about $5 billion—15 times the shortfall MMS found.

Officials at Interior are so proud of collecting less than 7 percent of what it is owed that they are reluctant to take on more auditors. In 1984, when MMS had 90 auditors, MMS director William Bettenberg told Rep. John Murtha, "We're in good shape on auditors." A wary Congress gave him more anyway. Last April Bettenberg told Rep. Sidney Yates, chair of the House Appropriations Subcommittee on the Interior, that the 130 auditors now on staff were all he needed. Only after an internal report concluded that by spending $2.5 million more on 50 auditors the department could increase collections by $20 million, did Bettenberg admit that more auditors would be helpful. But in September, when Yates asked Bettenberg whether he'd like 100, Bettenberg replied: "We think not."

'A certain amount of chaos'

Of course, it doesn't matter how many auditors Interior has if they can't figure out what they're supposed to do. It would seem, for instance, simple to decide how much a company owes in royalties each year. Just determine the market price on the oil and gas, apply the applicable royalty rate, and send out the bills.

Interior has never quite figured this out. Between 1949 and 1959, the department simply failed to bill a number of oil producers for royalties, including one that owed more than $250,000 because USGS officials couldn't agree on what its production was worth. No bill, no royalties. After the GAO expressed concern over this lack of collections, USGS officials assured investigators, "Although all the items have not been billed, considerable action has been taken to bring the work up to date."

In fact, little action had been taken years later. In 1972 the GAO reported that the USGS determined the value of oil and gas by relying on the price the *company* set—even when that company was selling oil from one subsidiary to the next. Not surprisingly, an examination of only a small fraction of producing wells exposed hundreds of thousands of dollars in royalties lost due to artificially low prices. Again, the USGS promised that the "assistant secretary has ordered the present operating manual reviewed as rapidly as possible. . .to ensure that no [questions] remain about the computation of royalty payments." Nine years later the acting director of the USGS was again soberly assuring Congress that Interior was working on "a new accounting system that would solve the valuation problem." The system, he said, would be operating by 1984. There is still no such system.

Moreover, there are still only loose guidelines for setting a price on oil and gas. This leaves both conscientious companies and department auditors confused. Consider this exchange last fall between Bettenberg and Rep. Yates:

Yates: How in the world can a company know whether it is complying with what you expect them to do? If they have no guidelines, how can your auditors know whether the company is com-

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plying? Isn't it total chaos?

Bettenberg: It's not total chaos.

Yates: It is just chaos.

Bettenberg: There is a certain amount of chaos out there.

How much? Enough that not only is Interior failing to collect royalties but oil companies are successfully suing the department to get back the small percent of royalties the government does take in. In the absence of specific valuation guidelines, the industry has successfully appealed a number of audit findings on the grounds that the rules are open to interpretation.

Last fall Interior finally came up with a sure-fire way to solve the valuation question: it decided to let Conoco write the guidelines. By the MMS's own estimation, Conoco's proposal would have saved oil and gas companies $600 million. Though the MMS's Royalty Management Advisory Committee vetoed the proposed guidelines by one vote last October, new regulations now pending are no better. If implemented, they would require states and Indians to rebate millions to oil and gas companies for royalties collected since 1982.

Even when Interior does manage to snag some royalties, it has a hard time keeping track of them. Over the years, the vast majority of lease accounts have been inaccurate. Of the 22,735 such accounts kept by the USGS in 1979, 16,166 were so poorly maintained that there was no way to know whether the government was owed money or whether the companies had paid too much.

When asked that year about the problem, the USGS assured investigators that all accounts would be reconciled by 1981. But by May 1981 the portion of accounts with errors had grown from 60 to 73 percent. Another assurance from USGS was followed 11 months later by another GAO report. Same first paragraph. Same conclusion. An analysis of 275 lease accounts disclosed errors totaling $1.1 million, indicating, according to the GAO, "the seriousness of the problem the Department has faced in maintaining accurate lease account records."

Interior's solution? Purge some accounts that had discrepancies. This might seem a prudent approach if directed at the small but time-consuming accounts. But the department naturally opted to wipe the slate clean for only those accounts where the books were off by *more than* $100,000. The government might be owed $100,000, or it might have been overpaid by that amount—starting in 1985, all accounts that large were wiped clean. In their defense, Interior officials told Congress that they had run a cost-benefit analysis that backed up the write-offs. When asked for a copy of the analysis, Interior officials said that all the copies of the report had somehow been misplaced.

When the agency does collect royalties properly, it doesn't have a conniption about quickly sending Indians and states their share. In 1979 Interior made $359 million late payments; in the second quarter of 1980, $98 million; and in 1981, $390 million. In 1982 an irritated Congress passed the Federal Oil and Gas Royalty Management Act, which required, in part, that Interior disperse royalties within 30 days of receipt. Needless to say, Interior has not complied with the law. In 1985 thousands of Navajos whose lands are leased for oil and gas production sued the department over late payments. Last July, U.S District Court Judge Edwin Mechem ruled in the Navajos' favor, saying the department had consistently failed to satisfy the requirements of the law.

Blind ambition

Considering the history of the program, it should come as no surprise that the one innovation Interior billed as its panacea for royalty collections followed exquisitely in the sound management tradition of its other reforms. In 1979 Interior began work on a new computer system to track royalty collections and distributions and gave MMS responsibility for overseeing the conversion of data from the existing system to the new computer. Given the importance and complexity of the problem, one might imagine that the MMS would assign as many top-flight people to work on it as possible. Instead, according to an internal General Services Adminstration (GSA) report last August, which we obtained through the *Denver Post*, the MMS assigned 14 people to manage the project, only three of whom had any experience in converting data from one system to the next. Only one of those three had any experience in the kind of conversion the MMS was attempting. Moreover, the man MMS put in charge of the project—the man responsible for steering Interior away from the rocks for jocks stewardship of the USGS—was, that's right, a geologist.

The new computer is a dud. To date, Interior has spent $82 million on it, and it still doesn't work properly. In August, six years after Interior leased the first contract for the computer, the GSA predicted that unless changes were made, "the project may ultimately fail."

In September 1980, the initial development contract was awarded on a sole source basis to

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Sterling Systems, Inc., which in turn subcontracted to Arthur Andersen and Company. It quickly became apparent that Andersen was doing all the work. Rather than pay two companies for work only one was doing, Interior canceled Sterling's contract in February 1981.

But the department then chose not to follow Andersen's advice that, for $11 million, a new system could be set up using three mainframe computers already in the USGS inventory. Instead, the department started over. By September 1981, three new contractors had been hired to do three separate tasks: development, oversight, and data processing. Rather than use the available computers, American Management Systems (AMS), the company awarded the development contract, designed a new system around one minicomputer, or VAX. Interior purchased one that October. By May 1982, with only 10 percent of the data entered, the VAX was overloaded. A second was purchased. Then a third. Within a year there were six and all were over capacity.

Apparently the minis weren't designed for high-volume input, and no software existed to process so much information. Interior could buy 50 minis and the computers still couldn't keep up. So what was MMS's oversight team doing? According to an internal department report, it had no idea. "AMS inundated the MMS staff with paper," the report notes. "Many of these documents containing key design decisions were never really read or analyzed by the MMS staff.... It soon became apparent that only [AMS] fully understood the intricacies of the new system."

What everyone did understand was that opting for the VAX system had turned out to be a $50 million mistake. It was also a waste of four years. Interior decided to go back to the mainframe computer idea Arthur Andersen had suggested in 1980. To implement that, in April 1985 the department awarded a $32 million contract to the Martin Marietta Corporation. Marietta was supposed to complete the system by December 1985. It didn't. It then missed all its 1986 deadlines. Rather than miss another, Marietta now says only that the system will be operational sometime this year.

Interior has fined Marietta $979,498 for the delays. Marietta refuses to pay, saying the government's records are in such bad shape they cannot be fed into the system. Blaming government delays for its inability to meet its deadlines, Marietta is now demanding $1 million from the agency. One internal MMS report concedes the agency has "error-ridden files that still have not been completely unraveled or reconciled." At the same time, a GSA report concluded that Marietta's management team was no keener than MMS's: "Martin had no personnel with significant conversion management skills assigned to this project [until] about four months after the project got underway." The GSA concluded that the $32 million contract "can be characterized as a case of the blind leading the blind."

Problem? What problem?

The standing joke among those involved in royalty management is that after 33 years of trying to correct the program's problems, it still takes ten bureaucrats to collect royalties. One to underestimate the amount owed and nine to make sure the payments get screwed up.

Despite years of repeated criticism, the royalty program remains grist for the Borscht belt mill because Interior routinely brushes aside recommended improvements. Even when Congress made the recommendations law, the department ignored them. The reason is simple. There's no financial incentive for Interior to improve collections. Almost all the royalties collected that don't go back to the states or the Indians are deposited in the general treasury. No secretary is going to devote his or her increasingly scarce resources to a program that brings his or her department no return.

A generation of incompetence should be long enough to realize that the only way to improve the royalty management program is to make MMS salaries proportionate to its success. Without this kind of incentive, taxpayers will keep making up the difference, Indians and states that are owed royalties will continue being shortchanged, and efforts to improve the program will be met with a kind of imperviousness that leads one to conclude that Interior may even enjoy making a bureaucratic mess.

During a meeting with James Watt and four of his assistants, David Linowes, chair of the panel assigned to assess the royalty management program, says he pointed out that because the department never matched reports on the production of oil and gas with reports on sales, it was impossible to be sure the proper amount of royalties was being assessed. "The secretary looked at his calendar and said, 'As of today, we'll start doing that,' " recalls Linowes. When, months later, Linowes asked those in the meeting along with Watt why nothing had been done, he says each official replied, "We didn't hear the secretary say he was going to do anything." ■

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It's tough to prevent espionage when most of the people working in our embassies are foreigners

"DO YOU WANT ANY MORE SECRET DOCUMENTS PUT IN THE SAFE, MR. AMBASSADOR?" "NO, IVAN, THAT'S ALL FOR TONIGHT."

by Priscilla Witt

It was the oldest trick in the book. A female Soviet agent seduced and then recruited U.S. Marine Sergeant Clayton J. Lonetree, a guard who served at the U.S. embassy in Moscow from 1984 to 1986. In one of the worst breaches of security in recent history, Lonetree gave KGB agents extremely damaging intelligence, including names and photos of U.S. agents and floor plans of the most sensitive parts of the embassy.

Like all marines in his assignment, Lonetree, who confessed in January, had been warned about such female agents, called "swallows" in the trade. Marine guards at the embassy are barred from letting women enter their quarters and discouraged from having close contacts with the Soviets. But this swallow didn't have to hang out in some smoky Moscow clip joint for the chance to ensnare Lonetree. She only had to show up every day for work as a translator at the American embassy. Like more than 260 other Soviets, she was a paid employee of the U.S. government.

Our Moscow embassy has not employed Soviet citizens since last fall's U.S.-Soviet tit-for-tat expulsion of diplomatic staff that began with the Walker family spying affair in 1985. But everywhere else non-U.S. citizens, or foreign service nationals (FSNs), outnumber Americans: alongside the 11,000 U.S. civilians working at our other embassies are 20,000 foreign nationals and probably at least that many "contract hires" and personal servants. The ratio is especially high in the Third World, where diplomats have learned to endure their "hardship" assignments by surrounding themselves with enough natives to do everything from translate to towel them dry. In Rwanda, for example, 15 to 20 Americans work out of a compound that employs 250 foreign nationals.

The State Department's Inman Commission Report on Embassy Security, issued two years ago in the wake of the Beirut embassy bombing, recognized that foreign nationals pose a security threat: "[I]t is a well- and long-known fact that there are security-related drawbacks to employing FSNs." Those drawbacks haven't moved the department to jettison its foreign workers, though; FSNs often occupy posts as guards, clerks, researchers, translators, secretaries, drivers, handymen, and personal assistants to diplomats. Diplomats argue they are worth the risk because locals are relatively cheap to employ, and can deal with local languages, customs, and bureaucracies more easily than Americans.

They're also pretty good at cooking and cleaning. Fact is, FSNs make possible the cushy lifestyle that the foreign service officer corps has long enjoyed. Among the recently expelled foreign nationals at the Moscow embassy, for example, were baby sitters and ballet teachers. So attached have our diplomats become to this foreign office featherbedding that, while the State

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Department insists on spending $4.4 billion to reinforce the perimeters of our embassies, very little is being done to guard against the swallows inside.

The baron's maids

The art of snooping for state secrets had been well perfected by the Congress of Vienna in 1814. As six kings, hundreds of nobles, and thousands more hangers-on flocked to the city to help create a post-Napoleonic Europe, thousands of Austrians put themselves at their government's disposal as collectors and purveyors of secrets. "That historic gathering provided unparalleled opportunities for the host government of Prince Metternich and his monarch, Emperor Francis, to employ local agents in a massive espionage operation to which many successors aspired," says Michael Mosettig, who has written about Metternich.

The Wild Bill Donovan of post-Napoleon Austria was Baron Hager, who built the largest secret service in Europe. Like any seasoned spook, he knew the key to obtaining diplomatic secrets was to infiltrate the housekeeper corps. By the time the diplomats checked into their hotels and palaces, the baron controlled all the maids and servants. While he provided the diplomats with endless amusements, the maids rummaged through their rooms in search of interesting scraps, according to Mosettig. The strategy didn't work on the British though, who, ever careful, burned their trash and hired their own maids.

The classic modern example of local-agent espionage is the Cicero case of World War II. During the war years, the neutrality of Turkey made it a hothouse of espionage and secrecy. It may not have made Hollywood, but in terms of intrigue, it was Casablanca times two. In the heat of plot and counterplot, the Allies nearly blew the cover off the secret D-Day invasion at Normandy.

A key figure in the Allied operation was the British ambassador to Turkey, Sir Hughe Knatchbull-Hugesson. An experienced diplomat and close friend of British Foreign Minister Anthony Eden, Sir Hughe was briefed on all major Allied decisions. So, it turns out, was Eleysa Bazna, Sir Hughe's Turkish valet and guard, who doubled as a German spy.

Throughout 1943, Bazna, whose talents included being a skilled locksmith, removed and photographed key Allied documents Sir Hughe kept in his private safe. Many of the telegrams and documents Bazna, whose code name was Cicero, gave the Nazis detailed Allied plans to mount a massive invasion through France. Much to Sir Hughe's—and the Allies'—relief, the Germans felt Bazna's information was too good to be true. In fact, the only reason the Germans weren't waiting for the Allies on the beaches of Normandy was that they couldn't confirm Bazna's information through another source.

America responded to the Cicero affair by opening itself up to more snooping. Flush with Marshall Plan funds, U.S. diplomats hired thousands of native employees, many of whom, though skilled, were desperately willing to take even the most routine and tedious assignments. Which, by and large, is what they got. After gauging the market, diplomats suddenly had lots of laundry to be picked up and meals to be catered. University-educated FSN's became especially useful. The careers of FSOs depend largely on the cables each sends back to Washington. Using educated foreign nationals to do the grunt work—translating local government documents, chasing down this or that statistic—foreign service officers could impress the home office with ever more elaborate, if not more valuable, cables.

Over the years, the State Department has insisted that, when they're not helping diplomats impress their bosses or busy flicking feather dusters, foreign nationals serve a vital function. Most countries, the argument goes, have their own idiosyncratic systems for all the small but crucial transactions of life—mail delivery, telephone systems, car repair, shipping, internal travel—as well as for such amenities as making theater reservations or finding a good doctor or dentist. The customs surrounding these services are presumed to be beyond the ability of Americans to fathom. Bob West, director of State's Office of Foreign Service Nationals, echoes the opinion of the vast majority of FSOs: "Without foreign nationals in most places, we could just pack it in." Yet it's not as if we limit our use of foreign nationals to the most desolate and difficult parts of the world. At the U.S. embassy in London, for instance, 284 Americans somehow need 364 FSNs to help them deal with the exotic mysteries of British culture.

Another explanation for hiring foreign nationals is that they are necessary because of the "generalist" policy that governs foreign service postings. Under this system, officers are transferred every two or four years, often to completely different parts of the world. Part of the motive behind this policy is sound: to combat clientitis, the dangerous tendency of foreign service officers

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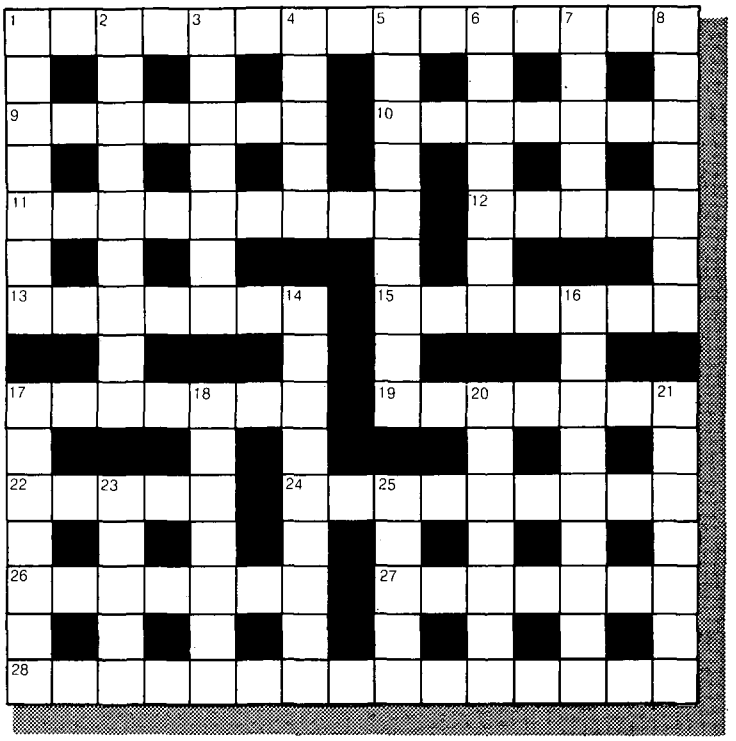
POLITICAL PUZZLE

by John Barclay

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.



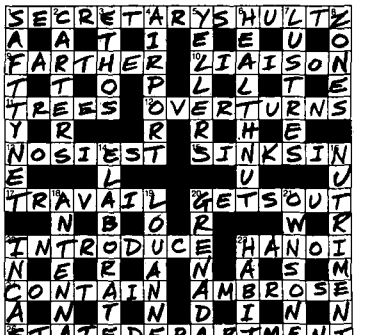
ACROSS

1. The foe wish Faust posed for Washington power center. (5, 5, 5)
9. Rash bet about inspirations. (7)
10. Pentagon figure hides in mad, mad lair. (7)
11. Bothered, Kennedy follows crazy mentor. (9)
12. Direction of Washington scandal? (5)
13. Attacked route around little saint. (7)
15. New Dole law is permitted. (7)
17. Mothers prepared bottle. (7)
19. Representative company displayed war film. (3, 4)
22. Hurts war heroes around end of March. (5)
24. Meeting assembly—none cuter. (9)
26. Musician stirred ship tar. (7)
27. Inattentive gin mixture teacher swallows 500 coming back. (7)
28. Revolutionary gas motor fresh as failed program. (4-3-8)

DOWN

1. Set brew carefully for agency head. (7)
2. Get confused about, *i.e.*, Iran bet. (9)
3. Ask for establishment of net rate. (7)
4. Beginning of rough notes. (5)
5. AT follower in horse quarters to be a leader. (5, 4)
6. Beginning in males wandering around. (7)
7. Whistleblower makes mistake, we hear. (5)
8. Ordered around church taken wrongly. (7)
14. Losing judge somehow ends tries. (9)
16. Cheerful old party takes in messy list and point. (9)
17. Air passage restored car heat. (7)
18. Mothers' fight for pet? (7)
20. Unwilling to break up Dow-Lunt collection. (7)
21. Traps Attorney General in dreams. (7)
23. Omaha reminiscence includes part of some palaces. (5)
25. Flower against board game? (5)

Answers to last month's puzzle:



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The State Department is spending $4.4 billion to keep spies and terrorists out of U.S. diplomatic compounds. But because it "saves" money by hiring locals, it opens the newly fortified gates to a Trojan horse full of potential snoops.

to identify more closely with the client state's interests than with the United States'. Yet the result is that our diplomats are often embarrassingly unfamiliar with the language, history, and culture of the region to which they are assigned. Only one in ten foreign service officers stationed in Iran in 1978, for instance, was even minimally competent in Farsi, the country's principle language. Which means, according to Andrew Steigman, assistant dean of the School of Foreign Service at Georgetown University, that FSNs "provide continuity for the embassy. . .they are the institutional memory of the place."

There's no doubt that foreign nationals greatly help diplomats, especially in countries with bureaucracies like Russia's. Yet other countries seem to get along fine with a lot fewer than we do. The Japanese, for example, employ an average of one foreign national per Japanese diplomat—less than half the American ratio—while West Germany gets by with only one for every three Germans. Britain and France have a similarly modest number of foreign nationals, and the Soviets and the Chinese manage with virtually no foreign workers at all.

Messages to the Kremlin

On a quiet night not long ago, the American embassy in a small Third World country was the scene of an armed attack. A small squad of commandos climbed the wall surrounding the building and, knowing the electronic guard system, made their way undetected to the building's roof. There, after a few moments, they located hatches, unlocked by someone in advance, and entered the top floor. Easily disarming the warning system, the men entered the section of the embassy where political and intelligence activities are carried out.

The incident was not reported in any newspapers or State Department cables because the "commandos" were neither terrorists bent on planting bombs nor enemy intelligence agents stealing secrets and placing bugs. They were Americans, members of a crisis management team testing the embassy's security. But the team cracked the building's defense using information and assistance that could have been provided by FSN accomplices. A consultant to the team, experienced in crisis management, says, referring to the presence of FSNs, "It was like locking the front door and leaving the back door open."

This is nothing most U.S. diplomats don't already know. Particularly in communist and other authoritarian countries, it's almost a given that they're being spied on by their local workers. Foreign national spies are just another form of surveillance, like bugged walls and tapped phones, which westerners living in such countries learn to assume are always present. But that, according to diplomats, is the beauty of the system. They can get their shirts starched and at the same time keep an eye on the spies. Retiring ambassador to the U.S.S.R., Arthur Hartman, once joked that knowing his chauffeur was a KGB agent made it easy to send messages to the Kremlin.

Diplomats adopt intricate precautionary measures to guard against spying. Daniel Southerland, Beijing correspondent for *The Washington Post*, describes one such routine at the U.S. embassy there: "The diplomat removed the ribbon from his typewriter, stepped over to his office safe and placed the ribbon inside for the night. . . . Had the diplomat forgotten to secure the ribbon for the night, an embassy guard would have been there later to tape a pink slip on his desk to remind him of his error. Higher officials concerned with such matters would have followed that up with a harsh reprimand."

One problem with routines like these, of course, is that FSN spies, watching them carried out day after day, can figure out ways around them. In 1985, for instance, a congressional study of security at the U.S. embassy in Moscow turned up something no one expected: bugs inside typewriters in the building's most sensitive areas. These bugs would record and transmit whatever was typed. Moreover, they required frequent battery changes, which pointed to someone who had repeated access to the typewriters.

The State Department insists its thousands of FSN clerks, secretaries, receptionists, and researchers are kept far away from sensitive files and memos. But in the commotion of office life such segregation is hard to accomplish. This is especially true in peaceful, out-of-the-way posts

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where routines are informal—but through which sensitive information passes that may be crucial to security in hotter spots of the world.

New precautions are being taken. The vast building program now underway on American compounds includes creating separate work areas for intelligence and FSN-related functions. But such strict working arrangements are not flawless; they have been in effect at the embassy in Moscow for years, for instance, but that didn't prevent Sergeant Lonetree's libido from luring him into spilling secrets.

If anything, the possibility that classified information might be pilfered by foreign nationals has increased as organizations like the Defense Department and the CIA have moved their intelligence-gathering operations from low-profile field offices to fancy suites inside U.S. embassies.

Having foreign nationals around, even in the most menial jobs in unrestricted areas can blow an agent's cover. According to Moorehead Kennedy, former hostage and number two man at the Iranian embassy, a keen FSN/spy in the payroll office can notice that, month after month, the salary of a certain FSO doesn't include the standard insurance deduction, a dead giveaway the officer is with the CIA.

In his book, *Ayatollah in the Cathedral*, Kennedy relates one of those narrowly averted screw-ups that makes one wonder how often similar ones aren't caught. Shortly before the embassy was taken over, a new CIA officer was added to the staff and assigned to the economics section. "Somewhat concerned," he writes, "I went to the CIA station chief to discuss what this newcomer's specific duties would be. Most of the economics staff, I pointed out, were locally recruited Iranian citizens of long tenure and experience who would be quick to spot anyone without a credible economic/commercial portfolio. Moreover, we had to assume that our local staff was under pressure to report to the revolutionary authorities. This difficulty had not occurred to the station chief."

Low-level information can also be invaluable to terrorists. Since the mid-sixties, 70 American diplomats have been killed and hundreds injured in terrorist attacks. It's impossible to say how many of these attacks utilized information provided by agents inside embassies. But many of the diplomats victimized by terrorists were attacked on routes that must have been known to FSNs in advance.

Foreign nationals have also been suspected of taking more direct roles in terrorist incidents. In 1976, for instance, U.S. Ambassador to Lebanon Francis Meloy Jr. was abducted from his car, which had inexplicably crossed the border into Moslem West Beirut, and shot. About the assassination, an ex-FSO who was a friend of the ambassador's, says, "We always thought the driver had something to do with it. If anyone knows your route and your habits, it's your local."

Trojan horse of snoops

While locals can be a source of intuitive, genuine information about a country, our extensive use of them encourages U.S. diplomats to forgo learning the language or customs of the country to which they are assigned. More often than genuine disinformation, this diplomatic handicap results in benign, but equally harmful, forms of misinformation. In many cultures, particularly in Asia and Africa, it is essential politeness to tell the listener what he or she wants to hear. And of course, in all cultures it is simple wisdom to echo the opinions of a high American official, who has power over the employee.

When all other excuses fail, the foreign service establishment rationalizes its use of FSNs by hiding behind the bottom line. Foreign service nationals, it argues, are more cost-effective than American workers in similar jobs. Replacing the average FSN—whose salary is between $5,000 and $20,000—with an American, costs anywhere from $100,000 to $140,000. State Department officials point out that in some countries where unemployment, underemployment, and inflation are high—such as Egypt and Israel—the U.S. can hire an engineer or agronomist with a PhD for less than $20,000. An American equivalent, including transportation, housing, and training, would cost at least five times as much.

Some logic. The State Department is spending $4.4 billion to keep spies and terrorists out of U.S. diplomatic compounds, but because it "saves" money by hiring locals, it simply opens the newly fortified gates to a Trojan horse full of potential snoops. Worse, there are many new gates set to open. The department's Office of Foreign Buildings, which formerly averaged fewer than three new buildings a year, is now committed to between 30 and 40 a year. That means more construction in the next few years than in two preceding centuries of American diplomacy. While the bricks and mortar go up, the department is spending millions of dollars on increasing its force of foreign workers, a large percentage of whom are being put to work as, you guessed it, security guards. ■

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Photo: Kira Corser*

TALES FROM THE TOP

INSIDE THE WHITE HOUSE WITH EIGHT FORMER PRESIDENTIAL AIDES

Last year, eight former senior members of the White House staff met at the University of California to discuss the last 25 years of the presidency.

The panel included General Andrew Goodpaster, from Dwight D. Eisenhower's administration; Theodore Sorensen, from John F. Kennedy's; Harry McPherson, from Lyndon Johnson's; H.R. Haldeman and Alexander Haig from Richard Nixon's; Donald Rumsfeld and Richard Cheney, from Gerald Ford's; and Jack Watson, from Jimmy Carter's.

Questioners included John Chancellor, David Broder, Samuel Popkin and Larry Berman, professors of political science, and Doug Newhart, a student.

John Chancellor: Presidents are human. Presidents make mistakes. Sometimes presidents want to do damn fool things they have to be talked out of, and so my question to all of you to begin this panel today is: How do you talk a president out of a damn fool idea?

Harry McPherson: Well, very gingerly—if your president is Lyndon Johnson.

Donald Rumsfeld: I can recall President Ford meeting privately with one of his senior officials in the administration and, in effect, coming away with an agreement that he would put forward to the Congress a proposal which had not been staffed out at all and which, in my view, was not very wise—and that is a massive understatement. The way it was finally accomplished was simply by staffing it out. In other words, taking this idea and putting it into the staff system—the people that he had hired and brought aboard, who in some cases had statutory authority over that area of government—and letting them then provide their advice and allowing some time so that he could have the benefit of their views.

Chancellor: Isn't that called stalling?

Rumsfeld: No. I would call it professional staff work. But sometimes it takes very, very long.

Richard Cheney: The biggest problem was the decision that didn't receive attention. It wasn't so much a matter of his making a damn fool decision...as it was his making some kind of offhand decision that hadn't been carefully thought about, and then people took it and ran with it. It's what I called an "oh, by the way" decision.

It was the kind of thing that would happen when somebody was cleared to go into the Oval Office, a cabinet member, to talk about a subject; the president was prepared. They had their discussion, and as the cabinet member was leaving, he'd turn around and he'd say, "Oh, by the way, Mr. President," and then bring up a totally

**Excerpted from* Chief of Staff: 25 Years of Managing the Presidency. *Samuel Kernell, Samuel L. Popkin, editors. ©U. of California Press, 1986. Reprinted by permission.*

**Clockwise from top left: Richard Cheney, Harry McPherson, Donald Rumsfeld, Andrew Goodpaster, Jack Watson, Alexander Haig, Chancellor, H.R. Haldeman, Ted Sorensen.*

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unrelated subject, get a decision on it, and run with it. That's when you really got into big trouble.

Chancellor: Mr. Haldeman, it has been written that when President Nixon would give you certain kinds of instructions, you'd say "Yes, sir," and then go off and start a process which didn't always result in that action being taken.... Wasn't there one time when he said to you, "Bob, you never did that, did you?" and you said, "No, sir, I didn't"?

H. R. Haldeman: Yes, there was. And it's interesting because it's been repeated not too far back in time now. I was ordered by the president unequivocally and immediately to commence lie detector tests of every employee of the State Department because there had been a series of leaks which were seriously damaging our negotiations in Vietnam. The order to solve the problem was that every member of the State Department staff *worldwide* was to be submitted *immediately* to lie detector tests. That was an easy order not to carry out because it was physically impossible to do. But we didn't do it, and the president said the next day, "Have you gotten a lie detector program started?" And I said no, and he said, "Aren't you going to?" And I said, "I don't intend to," and he ordered that it be done.

I again didn't do it on the first round that time, then went back to him later that day, and after that time—Al is smirking over here, because Haig remembers this perhaps more vividly than I do—I went back and said, "Mr. President, this really is a mistake. There are other ways of dealing with this problem at this point, and we will be back to you with a plan for doing that." We came back in a few days with a plan, and he said at that point, "I didn't think you would do it."

Chancellor: General Goodpaster, you worked for President Eisenhower. Did you ever have a comparable experience with him?

General Andrew Goodpaster: Somewhat comparable, I think. He came over one morning rather exasperated and said, "I've said that I want to start reducing our forces in Europe. You know that's our policy, and I want action to be initiated on that." I said, "Well, Mr. President, it isn't quite our policy."

"What do you mean?"

I said, "Well, that's the goal that's stated—to work down to the long-term strength—but it's conditioned on the ability of the Europeans to fill the gap that's there, the gap we created."

"No," he said, "that's not right. Our policy is to make that reduction and I want to get that started."

I said, "Well, Mr. President, that really isn't the policy. It's conditioned in this way." He glared at me, and he said, "I've got Foster Dulles coming over here today, and I'm going to have him straighten you out on this."

Well, I didn't say a word to Secretary Dulles when he came over. We went in together, and the president looked up and he said, "Foster, I want you to straighten Andy out on this once and for all. It *is* our policy to reduce those forces in Europe." And Foster Dulles, bless him, said, "Well, Mr. President, it isn't quite that clear. We always have put that condition on it, that the Europeans have to be able to fill that gap." The president looked up at Foster Dulles and he said, "Foster, I've lost my last friend."

Chancellor: Mr. Sorensen, did you ever go in to President Kennedy and say, "This idea that you are circulating is a bad one"?

Theodore Sorensen: The short way was to say, "That sounds like something Dick Nixon would have suggested."

★ ★ ★

Chancellor: I'd like to ask you all now to move on to something that is more serious: crisis management. All of you have been there at the center of the storm when either domestic or international crises have come. In reading your biographies, I found a wide range of moments when your stomachs must have churned, when you must have been scared.

Cheney: I think there's a tendency—at least our experience was, thinking back on it now—that oftentimes when these crises develop, that you end up sucking decisions into the White House that perhaps ought to be made someplace else.

Alexander Haig: The most important thing, I think, is the evolution of technology and its impact on crisis management. I think at the Gulf of Tonkin, President Johnson was engaged much too early, when we had just very fuzzy intelligence reports.

Cheney: The technology now makes it possible for the president to make a decision in a case involving military force that really ought to be made maybe by the commander of the aircraft carrier [as] in the Tonkin Gulf or, in the case of the *Mayaguez*, off Cambodia. And the decision actually goes all the way up the chain, not only to CINCPAC [Commander-in-chief, Pacific] in Hawaii and the secretary of defense and the NSC, but ultimately ends up on the president's desk, and he makes a relatively small decision that can have an enormous impact upon how he's per-

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Should there be a national security adviser? Yes. Should he make policy? No. Should he be conducting operations in Nicaragua? No.
—*Theodore Sorensen*

ceived, and really should have been done by somebody else.

Sorensen: On the other hand, presidents also sometimes reach out for decisions that they don't have to reach out for because they deliberately want to be involved. President Kennedy remarked often that he was damned if the question of war with the Soviet Union over Berlin was going to be decided by some sergeant on the border making a decision with respect to a tank or troop movement. He personally monitored the conduct of our armed forces during the Cuban Missile Crisis, and it turned out it was a good thing he did because he and the chief of naval operations had a very fundamental difference, one on which a war might have hung in the balance.

McPherson: President Johnson wanted to be called every time something happened in the Vietnam war era. He said, "I'm sure that some day, my luck being what it is, a guy is going to call me from the NSC staff at three in the morning and tell me that a navy pilot has dropped a bomb down the smokestack of a Russian freighter sitting in Hanoi Harbor. And *that* navy pilot would have been born and raised in Johnson City, Texas." He really wanted to know the particulars.

And my generalization is that perhaps Democratic presidents, being more government-oriented, being more oriented toward the use of government than the Republican presidents we have had in the last 25 years, that is, shaping government, starting these big programs that everybody sooner or later wrings their hands over and so on—Democrats are likely to be involved. They are likely to be wanting to get their hands on the throttles, whereas the successful Republican presidents in the polls, Eisenhower and Reagan, particularly, have been much more inclined to sit back and let the staff deal with it until some moment at which they can speak, rather, from the mountaintop.

Goodpaster: Eisenhower had a saying that he used a number of times. He said, "Now boys, let's not make our mistakes in a hurry."

One of the great moments, going back to the initial question, was when he would propose something and be a little assertive and anxious to get on with it. I recall on occasion telling him, "Mr. President, I've heard a wonderful saying, I don't recall where it came from, but 'Let's not make our mistakes in a hurry.' " And he would take that well.

Sorensen: I think that everyone up here could testify to one important lesson a president learns about crisis management in the course of his presidency, and that is who should be in the room. Our first crisis involving Cuba was the Bay of Pigs, and that was a fiasco handled badly from beginning to end. The president, regarding that crisis, met with a very small group because of their office. He hardly knew them, having just begun the presidency. Communication was bad; turned out the advice and the planning were bad.

Chancellor: Wasn't there a point [during the Cuban Missile Crisis] at which someone asked the president to leave the Excom meetings because his presence there was inhibiting debate?

Sorensen: That is correct. We had a series of meetings all during that week, and the president felt it important to keep up his normal schedule so that there would be no leak to the Soviets that we were aware of the missiles in Cuba. When he came back from one of those meetings, having been away, Attorney General Robert Kennedy and I said to him, "To tell you the truth, in one sense, the meetings went very well without you. The subordinates are more willing to contradict their superiors when you are not there. An under secretary of state or assistant secretary of state will never contradict the secretary in front of you, but they did it very frankly when you were gone." The president said, "I think I'll stay away from some more meetings."

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Haldeman: We had one major decision which related to the Hanoi bombing activity and mining of Haiphong. That was believed to be in danger of impinging upon the president's planned visit to the Soviet Union. There was a substantial difference within the very highest levels of the president's advisers, and this was a totally secret activity.

Chancellor: The mining was, what, four weeks before the visit? Everybody was writing, everybody must have been telling you, "Well, the Russians will disinvite him."

Haldeman: Yes. In the infinite wisdom of the press commentators—the infinite wisdom was that the president had done a stupid thing and hadn't even thought about the fact that the mining might impinge upon the Soviet trip, which, of course, was the overriding consideration that had been—

Haig: And only one or two people told President Nixon that the Russians wanted the summit so badly that they would go ahead regardless of what he did. That was the lesson we all should have absorbed at the time anyway. So it was his decision against a very strong consensus not to put the summit in jeopardy that I think ultimately brought that war to a conclusion, which ultimately—

Chancellor: Are there dynamics within certain decisions that require, even if the rest of the world knows, that you can't tell the Americans?

Haig: Are there things that presidents *must* keep secret? And the answer to that is: of course. One of the greatest examples in the Nixon administration was the initiative toward the People's Republic of China. Had the president shared with the Congress and the American people the fact that a dialogue had begun, a very tentative one, with Beijing, I can assure you the opposition on the Hill would have been so vehement that there never would have been an opening to the People's Republic of China.

Chancellor: Was [the *Pueblo*] in your mind when you people were dealing with the *Mayaguez*?

Rumsfeld: There's no question.

Chancellor: How about the technology? How about your intelligence? Was it any good?

Rumsfeld: It's funny. It comes in pieces. It's incomplete; it's inadequate. In this case, it came through a civilian merchant shipping line that heard some radio call. That was the first news, and, of course, it was a part of the world where we have very few military assets. It was a very difficult situation.

Now, you asked about technology. In fact, there was a time when the president of the United States was in the Cabinet Room...with the National Security Council, and he was receiving reports from the next room that were the actual words of the pilot who was flying over the *Mayaguez* and over the straits and over a boat that was taking people from the island to the mainland.

And he gets down over this boat that's chugging from the island to the mainland, and he says, "I see people on there." And the next thing you hear is him saying, "They look like Caucasians, and they are halfway to the shore." And then everyone looks at the president. He eventually is going to say to somebody, "Stop it, sink it, don't let them get there. Don't sink it. You'll kill them if it is. Are you sure?" It's goofy the way technology has put a president in that position.

Cheney: It also has a depressing effect upon the initiative of all those people in the organization between the president and that pilot out there over the ocean. You've got four-star generals and admirals and people who have spent their entire lives dealing with these kinds of forces, and all of a sudden, you've placed the emphasis upon them passing the buck up the chain. Nobody is willing to take responsibility for making a decision that under other circumstances they would. But it ends up right smack on the president's desk, and he ultimately is going to have to make that decision about whether or not the pilot goes forward and sinks the boat. In this case, President Ford made the decision to let the boat proceed. Turned out to be the right decision, but it was basically just dumb luck.

★ ★ ★

Jack Watson: In terms of organization, if I had to change one thing—and this seems to be a problem that almost every president, though not President Eisenhower, suffers from. They go in with an idea that they are going to have a spokes-of-the-wheel staff. There's going to be equal access.... He's going to have X number of advisers, six or eight or ten. And because they are all important to him and his friends and counselors and people whose judgment and loyalty he trusts and values, he wants all of them reporting directly to him. He's the hub. That is a fatal mistake. The White House can't operate that way. It pulls the president into too much; he's involved in too many things.

It also results in a lack of cohesion, a lack of organization and cutting in on decision-making before it reaches the presidential level. That was, in my judgment, a mistake that President Carter

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made in the first two years of his administration. He didn't actually appoint a chief of staff until late in the summer of 1979. I think that many of our problems on the Hill, many of our congressional relationships, difficulties, who's speaking for the president, would have been solved had we started from the very beginning with a strong chief of staff.

McPherson: Really? You mean you would have had a Don Regan in the Carter White House? That kind of an operation?

Watson: No. It's a fair question, Harry, and I'm not necessarily saying that. We were reacting...to at least a public perception that there had been a kind of palace guard, to quote a colleague of yours, and that there hadn't been a free flow of diverse ideas and information to the president, that it had been too rigidly controlled, too tight a ship. So part of what we were doing was a reaction against that. As is true of so many things, our pendulum swung too far in the other direction.

The way a White House chief of staff performs his or her function is in itself going to depend on the individual. I think that the way that Jim Baker, to use recent history, performed his role as White House chief of staff for Mr. Reagan, under an organization which was exactly as I'm describing, was very different than the way that Don Regan perform[ed] the same role with the same structure. You cannot eliminate or ignore the personal touch of how a particular individual performs a particular job. But, Harry, my answer to your question is yes, I am suggesting a strong, trusted, even-handed White House chief of staff.

McPherson: This whole "spokes of the wheel" business, the whole approach to the president's business, is about information. Our president, unlike the general secretary of the Soviet Union or, well, I guess, a lot of other leaders in the world, does not have an intelligence network throughout the country. He doesn't have, whatever you might think, the FBI doing that. How does he find out what's going on in the country? How does he get a sense of what's important and how does he get a sense of whom to listen to?

Chancellor: But he used you as an agent.

McPherson: That's why he has a staff around him of people who have big ears and listen and meet with people all the time and will send him memoranda and will talk to him on the phone and tell him what they think is going on.

Johnson, in the evening, would have a navy guy come in and give him a rubdown and then he'd start reading about 150 memoranda. At the bottom, he would write either yes, no, see me, or something or other. Well, every now and then, this would get to be too much for him. So he decided to have a chief of staff, and he picked Bob Kintner, who had been the NBC chairman and had lost his job. He was an old friend of Johnson, and Johnson thought the world of him. Bob didn't really have a function around the White House for a while. It just coincided that Johnson got tired of reading all these memoranda, and Kintner said, "Why don't I be chief of staff?" So Johnson said fine. He was formerly a network chief of staff. "We will make you the boss."

Well, none of us believed it. We just sent stuff to Johnson as always. Kintner got mad and asked that they all be sent to him. Johnson said, "Well, okay. Send them through Kintner first." We did that. Lasted about two days. Kintner stopped something. I don't know what it was, some minor piece of business. Johnson got furious and that was the end of Kintner.

Ted Sorensen is quite right, and Don is quite right talking about the nature of the fellow, the kind of man he is. It would have been inconceivable to imagine Lyndon Johnson as a Harvard Business School CEO coming in—imagine Lyndon Johnson with a computer, with his PC. Inconceivable. On the other hand, he had something that many presidents, many CEOs don't have. Outside of being the smartest man I've ever known, he had 25 or 30 years of profound and far-reaching political connections in Washington, which even the smartest president, maybe in just sheer IQ points, Jimmy Carter, did not have.

In 1977, Carter developed that great energy program and tried to put it into effect. When Carter explained it, a Republican congressman whom I respected a lot came back from a meeting up there and said, "That fellow really knows everything about his energy program. Taxes, all of it. He didn't have to call on the secretary of the treasury or energy or any of them. He could do it all." I was bowled over and I said, "Is he going to get it through?" And he said, "I don't know." Having agents throughout the system who want to help you out becomes a very essential part and a non-organizational part of a successful presidency.

★ ★ ★

Watson: There are about 1,500 people in the Office of Management and Budget, which is part of the executive office of the president. The White

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WHO'S WHO in the Administration

When they're in trouble, knowledgable Washingtonians turn to **Herbert J. Miller**, the lawyer who extracted **Ted Kennedy** from Chappaquidick and arranged **Richard Nixon**'s pardon. Perhaps Miller's greatest triumph was in getting **Richard Kleindienst** off with a one-month suspended sentence, even though the evidence showed that **Gordon Liddy** had told then-attorney general Kleindienst the truth about the Watergate burglary at the Burning Tree golf course the day after the event—and Kleindienst proceeded to do absolutely nothing about it. More recently, Miller advised **Robert Kennedy**'s children how to deal with the inquiry into their brother David's death. Miller's latest client is **Michael Deaver**....

In January we noted that White House counsel **Peter J. Wallison**'s "Achilles heel may be his loyalty to his sponsor, **Donald Regan**." Does this explain why Wallison was the first White House staff member to be shown the door by **Howard Baker**?...

Others whose careers are not expected to flower under Baker are **Dennis Thomas**, Regan's top aide, and **Caspar Weinberger**, the secretary of defense, for whom Baker is said to have much less regard than he does for Weinberger's rival, **George Shultz**....

In addition to Shultz, those expected to do well under Baker include **James Baker**, **Richard Darman**, **Paul Volcker**, **Kenneth Duberstein**, **James Cannon**, **Thomas Griscom**, and **A. B. Culvahouse**, Baker's former partner at Vinson & Elkins, who is replacing Wallison....

Everyone in Washington thinks Baker will be first-rate at the human relations part of his job. The question is whether he will be able to stay on top of the mountain of work that confronts every chief of staff. "Howard isn't driven," is the way one friend hints at Baker's aversion to long hours. Since **Ronald Reagan** is not known for burning the midnight oil, this could be a problem. After all, *someone* has to get the work done....

In the last hours before Baker's selection, conservative support coalesced around **John Herrington**, the secretary of energy, and the final choice was between him and Baker....

John O. Koehler is the winner of the **Lee L. Verstandig** Memorial Award. Verstandig was the holder of the record for the shortest tenure as White House staff member. But his six weeks as **Nancy Reagan**'s chief of staff have been eclipsed by Koehler's one week as White House director of communications. Having been hired just before Donald Regan left, he was among the first casualties of the Baker regime....

According to a report in *The Washington Times*, in 1974 **Oliver North** called his patron, **General Richard Schulze** and told him that "he didn't have anything to live for, that he was going to shoot himself." Schulze went to North's quarters where he found North "babbling incoherently and running around naked waving a .45 pistol."

The threat, the nudity, and the .45 have all been confirmed by the Knight-Ridder News Service, as has North's subsequent hospitalization. And *The New York Times* has reported that Schulze, when he became director of Marine Corps personnel policy, had the records of North's hospitalization removed from official files. Add the fact we reported in January that North had complained to friends just last year that terrorists had poisoned his dog, torn down his fence, and put sugar in his gas tank. And then consider the power given to North by the Reagan administration....

In

WHITE HOUSE

Chief of Staff—**Howard H. Baker Jr.** has been with the Washington office of the Houston law firm of Vinson and Elkins.

Counsel to the President—**Arthur B. Culvahouse** has been with Vinson and Elkins.

Assistant to the President and Cabinet Secretary—**Nancy J. Risque** has been vice president of the Washington, D.C. consulting firm of Russo, Witts and Rollins.

Assistant to the President for Political and Intergovernmental Affairs—**Frank J. Donatelli** has been with the Washington law firm of Patton, Boggs and Blow.

DEFENSE

Secretary of the Navy—**James H. Webb** was assistant secretary for reserve affairs.

Supreme Allied Commander, Europe—**Gen. John Galvin** was commander, U.S. Southern Command, Panama.

AGENCIES AND COMMISSIONS

Director, Central Intelligence Agency—**William Webster** was director of the FBI.

Chairman, Federal Communications Commission—**Dennis R. Patrick** is an FCC commissioner.

Out

WHITE HOUSE

Chief of Staff—**Donald T. Regan**.

Counsel to the President—**Peter J. Wallison**.

DEFENSE

Secretary of the Navy—**John F. Lehman Jr.**

Chief of Staff, Army—**Gen. John A. Wickham, Jr.** has retired.

Supreme Allied Commander, Europe—**Gen. Bernard Rogers** has retired.

AGENCIES AND COMMISSIONS

Chairman, Federal Communications Commission—**Mark S. Fowler**.

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House staff is about 350 or less, generally speaking, and is just one of the components of the executive office.

What runs the numbers of presidential staffers up higher are the Council of Economic Advisers, the Council on Environmental Quality, and other such groups that are in the executive office.

Haig: The simple facts are that this horrendous growth in the White House staff has been paralleled by an even more horrendous growth in the congressional staffs, where today I think you are looking at a figure of about 20,000. A White House has to respond to that behemoth, and therefore it's a natural contributor to this growth.

The other gimmick, which Bob Haldeman will remember, is that administrations that want to show they are lean and mean merely keep the fellows they have but charge them to the departments. It's nicer anyway, because the department has to pay and those fellows are counted on the department's books and not counted by the White House press who are looking for this growth.

I share Don Rumsfeld's view very, very vigorously. The leaner and meaner you are, the more effective your White House will be.

Watson: I'll make a suggestion, as a general proposition—and we were victims of this, so I'm speaking out of bitter experience here. There began a tendency, I suspect under President Johnson, but we took it to its full flower, of bringing into the White House what's called a special assistant to the president for Hispanic affairs, for women's affairs, for consumer affairs, for elderly affairs, for minority affairs. Please, don't misunderstand my point, I'm not saying that the president and the policies that the president endorses and promotes from the White House ought not to be sensitive and responsive to that enormously wide array of interests. Those are legitimate interests.

But I do not think you need to have a special assistant to the president for every legitimate special interest in the country. But for a time there was, though I think it's been cut back now because, in my judgment, it was so clearly the wrong way to go. There was a tendency between 1965, I'd say, and 1980 for that to happen more and more, and that's one of the things that made the White House staff grow.

Haig: What's material is who gets in the White House Mess, who gets a parking place. If you have been involved in the bureaucratic in-fighting, try to decide that.

Sorensen: More important than who gets a White House parking permit or who eats in the White House Mess is who is able to invoke the president's name, who is using the president's telephone, and who is using the president's stationery. That's serious. If you have hundreds of people doing that, there is no way you can keep them out of mischief.

I have hanging on my wall a picture which shows a dozen individuals, roughly a dozen, standing on the back steps of the White House. That was the senior professional staff, the professional staff of the White House at that time. A couple of them, I'm not quite sure what they did, to tell you the truth. To have a similar group picture now, you would need Yankee Stadium. That's because we have people in the White House who are operating and administering programs without ever having been confirmed by the Senate. It's because we have people in the White House, as Jack Watson says, who aren't there representing the president to the country. They are representing the country to the president. That's not what the White House staff should be.

Rumsfeld: I want to add something that I think hits something quite important about the problem of the president. President Kennedy was concerned about poverty. As I recall, he formed the Committee on Juvenile Delinquency. Pretty soon, in the executive office of the president under Lyndon Johnson came the Office of Economic Opportunity, which Sargent Shriver ran, and whom I succeeded. Now here you have two or three thousand employees in the executive office of the president in an operating agency that doesn't belong there.

The reason President Johnson did it was not because he was stupid or a bad manager. He did it because President Kennedy was assassinated. He did it because the department's agencies weren't doing things the way he wanted, so he decided he had to have it in the White House.

Same thing with President Nixon. He was concerned about the drug problem. What's he do? Special office for drug abuse, and the next thing you know, you have a whole bunch of people to deal with, a whole bunch of employees, and pretty soon, they are operating programs. Now that's, in fact, bad management.

The answer is not to substitute and layer in the White House. The answer is to make the departments and agencies do that which you believe they ought to be doing. It's a lot harder, takes more time, and it takes ultimately some cooperation with the Congress, but in the last analysis, we would just sink if we kept adding special offices in the executive office of the president, even

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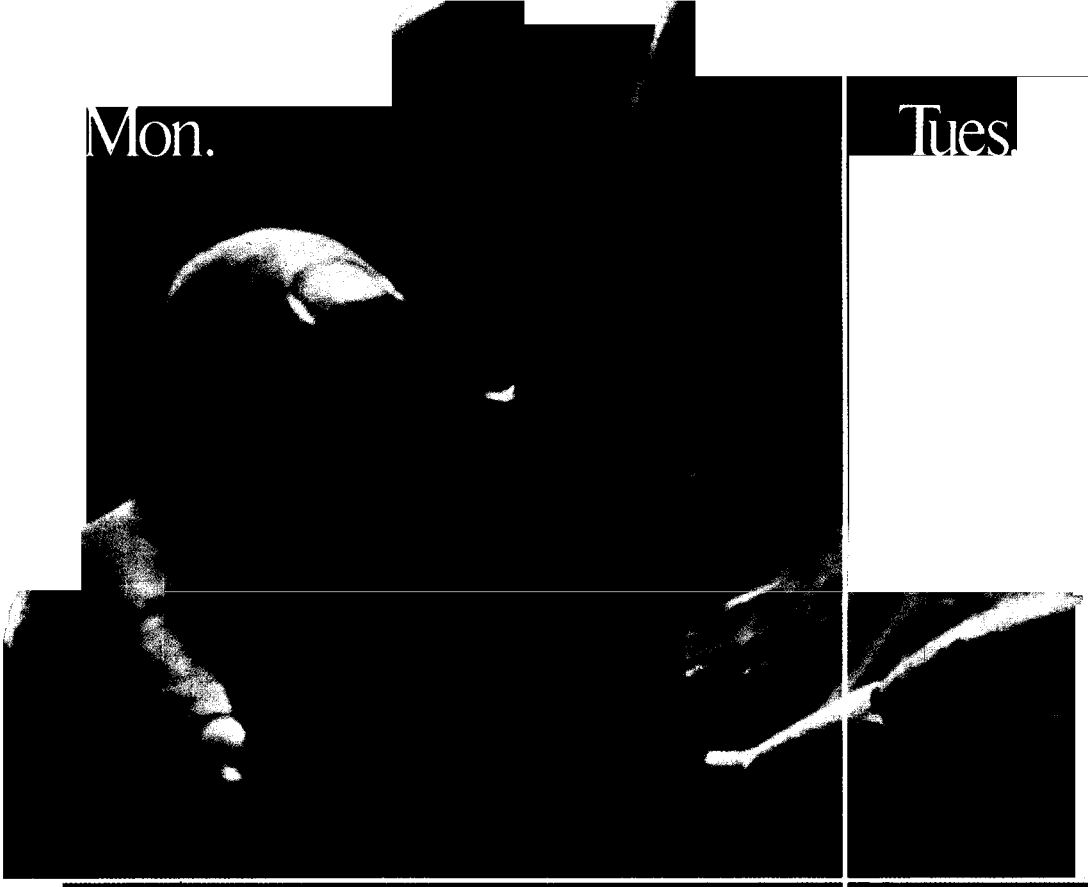

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Wed.

A scene from the motion picture, "RAN." Directed by Kurosawa, inspired by "King Lear."
Sygma

Sat.

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for good reason.

Larry Berman: Over the last 30 years the swelling of the White House staff has been at the cost of cabinet government. As I understand it, General Haig, when you were secretary of state, the frustration seemed quite different from when you worked in the White House.

Haig: Having come from the White House staff, I was very sensitive to the tendency for the White House staff to assume authority and responsibility which, by the confirmation process, belongs quite rightly in the hands of the cabinet officers and the cabinet departments. It is a very, very dangerous, pernicious reality today. I think here, again, however, it depends on the president and what he wishes.

Haldeman: I've seen it only from the White House side, and I completely agree with Al, and I completely agree that the White House staff should be an operational unit, not a policy-making or policy-executing unit. It should be there to assist the president in the management of the executive branch and in the office of the president, and it should exist at and operate at the will and direction of the president. I think it's imperative that that be the case and it's essential, in order to do that, that virtually all the staff members, except perhaps the press secretary and one or two other designated spokesmen, be people with a "passion for anonymity."

Goodpaster: I don't think it's all that difficult, because I saw President Eisenhower, in fact, operate along these lines. I remember a very sharp question that he addressed to members of the staff on occasion, or a comment, and it ran like this, "Now, wait a minute, boys. That's not a staff matter. That's a policy matter, and if I'm going to consider that, I want the secretary of state here. I want the cabinet to consider that. I want the NSC to consider it." That was part of his process of pushing operational decisions to the operating departments and agencies where he thought they belonged. So I think it can be done.

Rumsfeld: I think the phrase "cabinet government" is not a good one because it leaves people with the impression that it's possible today to allow cabinet officers to proceed semi-independently in their respective areas of jurisdiction. The way our world works, it's rare when you find an issue that is the jurisdiction of only one cabinet officer.

Take a grain embargo with Poland for example. Imposing an embargo or terminating one obviously is a foreign policy issue. It may very well be a Defense Department issue. It's clearly a Treasury issue on the balance of payments. It may be a Department of Labor issue because in some cases the unions have refused to load. It's obviously a congressional issue. It's certainly going to be a press issue. You have all these threads, and the White House staff's function is to see that those threads get through the needle's eye in a reasonably coherent way. The staff's job is not to make the decisions, but by the same token, the staff has to avoid letting the president be blindsided by allowing a single cabinet officer to go out and make a decision like that.

McPherson: Which is why you need a substantial White House staff. That's why it developed. It didn't happen just because some megalomaniac like Lyndon Johnson said, "Let's add them all up." It didn't happen that way at all.

These interdepartmental committees, the Office of Economic Opportunity, which was put in the White House staff for a very long time, didn't happen just because Johnson thought that was a swell idea, getting kind of bored with cabinet government and that sort of thing. It happened because the whole notion of a broad-scale attack on poverty involved education, employment, and training of all kinds, juvenile delinquency prevention, and so on. Everybody with a little fiefdom out there, all the GS-15s and 16s, and maybe the politicians who got appointed to be cabinet officers, wanted to have their own ballgame. And if you wanted all of it to cohere, you had to put somebody above it.

You have a cabinet meeting, and I've tried to think, ever since I observed them, how to hold a good one. Say you've got a grain embargo issue, or let's say you have an issue on the farm bill or

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I was the SOB. I got in shouting matches with the vice president. Rockefeller finally told Ford the only way he would serve in a second Ford administration as vice president was if he could also be chief of staff.
—*Richard Cheney*

an issue on Vietnam or whatever. Let's say it's Vietnam, and you turn to the secretary of interior and you say, "Stu Udall, what do you think about it?"

"Well, you know, I've been thinking about the National Park Service, not about Vietnam."

"Dean Rusk, what do you think about the Park Service?" But he hasn't been thinking about parks at all.

Sorensen: The most controversial issue in White House staffing is the role of the national security adviser. If there's been a subject that has caused fights in Washington over the last two dozen years, it has been the question of whether there should be one and what his role should be. Let me give some quick yes-or-no answers. Should there be a national security adviser to the president even though we have secretaries of state and defense? Yes. Should he make policy to the extent, say, that Henry Kissinger did when Bill Rogers was secretary of state? No. Should he be making declarations of national policy the way Brzezinski did when Vance was secretary of state? No. Should he and his staff be conducting operations the way the present national security staff has conducted operations in Nicaragua? No.

Rumsfeld: I quite agree, you have to have a national security adviser to bring those threads up between the CIA and—but I do not think he ought to be making public pronouncements, and I do not think it's the responsibility of White House staff to conduct operations.

Watson: I agree.

Goodpaster: I have to say I agree.

McPherson: I wish I could say otherwise, but I agree.

Cheney: I would argue, too, that the NSC adviser performs a very useful role in part because everybody else—with one or two exceptions, the chief of staff and one or two others—everybody in the White House, everybody in the administration, is a specialist. The secretary of state—maybe Al would disagree with me—the secretary of state has parochial interests. He looks at the globe and looks at it from the standpoint of State, not Civil Defense, or CIA, or one of the other agencies.

The national security adviser is in a position to bring to all the internal debate and controversy that's bound to reign between those departments the kind of a broad, generalist view that only the president shares, and it is vital to have.

Haig: I agree with all the observations that have been made, but I do make a point that it can work either way. If the president decides he wants a national security adviser to be the focal point of our national security policy, then it will work. I would prefer that it not be that way. He can pick the doorman at the White House, as a matter of fact. Jack Kennedy, to a large extent, gave his brother, the attorney general of the United States, amazing authority to coordinate the conduct of foreign policy.

★ ★ ★

Doug Newhart: How much influence do you believe your personal opinions had on the president, especially in policy decision-making in urgent matters where he doesn't have a lot of time or a lot of people to consult? Also, what's your criteria for limiting information that reaches the president?

Cheney: That's a key point. I think the key thing is to separate out the two roles. Oftentimes, I think when you sit outside the White House, you assume the chief of staff is sitting there making these decisions to sort of keep information away from the president. That doesn't happen. You carry a lot of information *in* to them. You may carry in a package of memos that he will read before he vetoes or signs a bill, before he makes a key decision. He will often ask you what you think on that issue and you tell him. But you make certain he understands when you are giving him your own opinion and when you are passing on the opinions of those in the administra-

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tion with whom he wants to consult before he makes a decision.

I don't think you have a situation where a chief of staff survives very long if he, in effect, warps the flow of information to suit his own bias with respect to policy. Then he's not serving the interest of the president. It's very easily found out after two or three times, and it seems to me that anybody who did that would quickly find himself going down the road.

David Broder: To be candid, I was somewhat skeptical about some of the denial that I thought I was hearing yesterday. I looked around that semicircle and I saw some people who, in other times, in other places, had discussed in guarded terms the political plots in which they were engaged, plots against Congress to get it to do what they wanted it to do, plots against the cabinet, corporate or individual, to thwart some of their goals or help them carry them forward, plots against the bureaucracy, constant efforts to try to get them to behave, and from time to time, plots against the president himself to get him to do or not do something that those staff people thought he should or should not be doing. I didn't hear very many people acknowledging that it was really a political function that they were playing in the White House staff. I'd like to know about how you folks dealt with the strong cabinet members in your time. I'd like to know whether you would really maintain that you were simply honest brokers when it came to carrying forward the wishes of weak cabinet members.

Cheney: I can't count the number of times I would get a phone call, probably about once a month, and it would be a situation in which Pat Moynihan was calling threatening to resign or Henry Kissinger was threatening to resign because they didn't like each other. Of course, Pat was ambassador to the UN and Henry was at State.

I remember the bicentennial celebration at the House of Burgesses in Williamsburg, Virginia. The president was delivering a major address where Patrick Henry had spoken 200 years before, and I was in the closet upstairs on the White House telephone with Pat Moynihan trying one more time to keep Pat from resigning because Henry had said something about him that had been printed in Scotty Reston's column. I think all of us had that experience at one time or another, probably all with Moynihan.

Samuel Popkin: What were you allowed to do for Pat? Give him a ride on Air Force One, use of the White House Mess, I mean, tennis lessons? What would you do for him?

Cheney: Sometimes it would be a matter of "it's time for a little presidential stroking," okay? You're going to have a cabinet meeting next week. You say, "Pat, the president would like to see you afterwards," and you get him in for a 15- or 20-minute chat in the Oval Office, and the president tells him how important he is to the policy of his administration. It's that kind of operation more than the byzantine plotting, "Well, let's see. If I go over here and I leak something to Broder and it will run here and this guy will react."

The press has a major weakness: it can't cover very effectively policy differences. It's very easy to cover personality conflicts, which you guys are guilty of all the time. What the press is dealing out all the time is cheapening the dialogue and the debate that takes place over fundamental differences of policy. If you've got a strong secretary of state who wants to go one way and a strong secretary of defense who wants to go the other way, it's reported as a Weinberger-Shultz conflict, instead of an analysis of whatever merit there might be in the two policy positions.

Watson: Let me give a couple of examples, but on the political point, I want to add—and I think this is a paraphrase, not a quote—President Truman said that only a good politician can be a good president, words to that effect. I believe that devoutly. I believe, in fact, that one of Carter's central problems was that in so many key ways, he was not a good politician; I would postulate, a brilliant man, but not a good politician.

Here's an example. One of Carter's greatest weaknesses, I think, which was the flip side of one of his greatest strengths, was deciding some of the most important things that needed to be done in the interest of the country and then wanting to get them all done at once. He was opposed to a lot of the water projects in the West because he thought they were budget-busters, and there were great questions about whether or not they should be funded. He regarded some of them—I won't debate the wisdom of our judgment here—but he regarded some of them as real boondoggles.

For him to take that on during the first year of his presidency, at the same time that he was doing everything else—economic policy and employment programs, energy and government reorganization, and all the rest—was folly because it exacerbated his political problem in the West, widened that breach, and cut away his congressional support. Ultimately nothing that the staff could do politically could save him, if you will, from his determination to do it all, because

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he felt that it ought to be done.

Rumsfeld: One of the tasks of the chief of staff is to see that the president gets views, and presidents have preferences and idiosyncracies and biases and areas of ignorance, just like all of us do. Some president may not enjoy a cabinet officer, may not like to be with him. President Ford, I don't think enjoyed Jim Schlesinger, as opposed to respect—totally different. Now, does that mean that the defense views and Jim Schlesinger's views ought to be cut out of that process? Of course not. They had to be put into the process, and the job of the chief of staff during that period was to assure that, in fact, the defense input got into the foreign policy and national security decision-making process.

I watched Bob Haldeman with President Nixon, who was terribly enamored of John Connally, do just the opposite, struggle to get the other views in because the president enjoyed being with John Connally. And Bob—I didn't walk in his shoes, but I was an assistant to President Nixon, a member of the cabinet, a White House official, and I watched it, and I know, just as sure as we are sitting here, that he ran around figuring out ways that Paul McCracken and Herb Stein and George Shultz and all these other people who had input in the economic area, found their way—and Arthur Burns—found their way into these meetings and that their memos found their way into the president. They had to. And that, to me, is the answer to Fred's question about how the staff can help make things better. I'll give you an example of a couple of "saves" that are minor.

President Ford came out of the Congress. Suddenly he's president. He goes up to the Hill. Tip O'Neill puts his arm around him and says, "Come to my birthday party." The president says, "I'll be there." Hell, he's president. He can decide where he wants to go. He comes back down to the White House. You meet with him five times. He doesn't tell you anything about it. It's late in the day; he hands you a couple of napkins where he wrote a note or something, and you look at it and he says, "I've agreed to go to Tip O'Neill's birthday party. It's in seven or eight days." So I come back with a note and I give it to my deputy, Dick Cheney, and Cheney gives it to Jerry Jones or somebody, and they start figuring out where the hell it is and what time it is and who's going to be there and how did they manage that. Turns out one of the Koreans who's under investigation by the Justice Department is paying for the party.

So I go back in to the president and I said, "Lookit, I'm not so all fired sure you ought to go to that party."

"What are you talking about, Rummy? Tip's my buddy. I'm going to that party."

But finally, you know, you work your way out of it and pretty soon, he doesn't go to the party.

Speechwriting. You can have a very good speechwriter who is a very close friend of the president's, and has written a couple of spectacular speeches. He begins to believe that the speechwriting process is better if the speech isn't written by a committee, and he's right.

But you've got the fact that the speech is going to say something about something, and you've got all these advisers, the Bill Simons and Henry Kissingers and the Schlesingers of the world, who are milling around in the substance every day, and you have to take the speech to them so they can look at it and comment on it. Of course, the speechwriter knows that you are going to do that, so the speech comes in late.

Now, what's the chief of staff's job? The chief of staff has to heave his body in the middle and try to figure a way for the substantive portions of the speech to finally reach the substantive people so they have a chance to look at it, so the president knows that when he finally gets the speech that, in fact, the substantive people have commented on it.

But what happens when you do that? That's throwing sand in the gears and it gets grindy, and pretty soon, out come news stories that Cheney is having a fight with the speechwriter or something. He *isn't* having a fight with the speechwriter. All he wants is for the ultimate product to accomplish what the president intended. It isn't personal.

Cheney: There's another function in there, in addition to trying to help do something positive, which is to be the cushion that takes the pain and the heat, oftentimes not only externally but also internally.

In the Ford administration, we had major problems in managing the vice-presidential relationship. I think the Carter administration and Reagan administration subsequently have done much better. But President Ford came in and, because he'd been vice-president, wanted to have substantive responsibility assigned to the vice-president. He picked Nelson Rockefeller because he was the kind of man of stature that he needed as an unelected president in his own right.

President Ford put the vice-president in charge of all domestic policy making, put him in charge of the Domestic Council, gave him the assignment of creating new policy, and let him staff the operation out. Everybody on staff said, "Mr.

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President, you shouldn't do that. It's going to create conflict." But the president is the president. He went ahead and made the decision to do it anyway. But repeatedly after that, at his regular Wednesday afternoon meetings, the vice-president would come in with a new policy proposal for the president, new health insurance scheme or new economic policy initiative of some kind. He'd lay it on the president, and the president would take it.

At the end of the day, you'd go down for the final close-out session, and the president would hand it to you and say, "What the hell do we do with this?" Your responsibility at that point was to say, "Well, we'll staff it out," and then take it and send it through the system. The answer would always come back—it never failed—it always came back exactly the same way, "This new policy proposal is totally inconsistent with the basic policy of the Ford administration."

So in effect then, you'd end up having been, as Don said, the sand in the gears. An initiative that might have made all the sense in the world to Nelson Rockefeller was shot down. From the standpoint of the vice-president, you are a bad guy, an obstacle to his opportunity to have a significant impact on policy. The ultimate result is great personal hostility between, in my case, myself and the vice-president.

I was the SOB, and on a number of occasions, got involved in shouting matches with the vice-president. He finally told Ford at one point that the only way he would serve in a second Ford administration as vice-president was if he could also be chief of staff. If you ask President Ford today why that relationship was strained, it was always the staff problem with the vice-president. His relationship with the vice-president was excellent. But the problem, in fact, was created by the president.

Rumsfeld: A lot depends on how good a manager the president is. How much turmoil goes down below and ends up disrupting things depends on how skillful a manager he is. I'll give you an example.

President, East Wing, sends down the list for the state dinner for Helmut Schmidt, the West German chancellor. Cabinet officer is not on it. There's only so many slots for a state dinner. The cabinet officer comes to the chief of staff and says, "I've got to be at that dinner. I'm secretary of X. I deal with them all the time on this. It will look like I'm downgraded." And the chief of staff says, "You've got a point. Let me see what I can do."

You go in to the president and say, "Look, this guy needs it to do his job effectively, to be on it." He says "Look, Betty just came up with this list. The guy's been at the last four straight. I've got a couple of political guys I want to add in there. There's a limit. No." And I say, "Fine. Just keep it in the back of your mind. Someone will cancel and we'll jam him in." You go out of the office. Three days later, the cabinet officer's in there and and says, "Oh, by the way, Mr. President, I'm not on the list." The president says, "you're kidding. Let me see what I can do."

Haldeman: Somebody screwed up again.

Rumsfeld: The president wants everyone to like him. So that night, last thing you know, it comes on a napkin and he's got a little note. "Let's put that fellow back on." What does the guy think? He's convinced that you tried to cut him out.

Popkin: He thinks you never told the president.

Rumsfeld: Exactly. Or that you had some scheme or something.

Sorensen: Here's an example that was not a policy battle or a personality battle, but a turf battle, and those are the most fierce in Washington. The secretary of interior, Stewart Udall, came to see me. I can't remember what the issue was, but it was a battle over jurisdiction of some kind with the chairman of the Federal Power Commission, Joe Swidler. Well, I didn't know what the decision would be. I didn't know who was in the right and so on. But Udall said Swidler wouldn't talk to him because Swidler said he was the chairman of an independent agency, and all the political science books say that independent agencies don't have to kowtow to executive management. I said, "Well, that's unfortunate."

I did nothing whatsoever. After a period of time passed, Joe Swidler called me and he said, "Gee, my request for a budget for next year has been sitting on your desk for a very long time. What's happened? I've got to make some plans." I said, "Gee, Joe, I've got a stack of them on my desk. Yours unfortunately is at the bottom of the pile. I've got so many other things I'm trying to work out. For example, that problem between you and Udall: I don't know what to do about that, but I sure wish you'd talk to him about it. If I get that off my desk, I might have time to get back to the pile."

He said, "Well, no, no, that's a question of the rights of an independent agency."

"Okay. Well, I'm sure it is."

He called me back ten days later and said, "What about that budget request?" And I said, "Gee, Joe, yours is still at the bottom of the pile." Next day, he saw Udall, and the matter was resolved. ■

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TIDBITS AND OUTRAGES

POLICE HAVE ESTABLISHED A MOTIVE FOR THE KILLING BUT ARE UNABLE TO EXPLAIN HOW THEY GOT THEIR TINY PAWS AROUND THE TRIGGER

In an article headlined, "Ferret Man Shot Dead," the *London Daily Express* reported that "world champion ferret legger Reg Mellor" died from shotgun wounds. "Mr. Mellor, 76, of Honeywell St., Barnsley, South Yorkshire, was famous for keeping live ferrets down his trousers for more than five hours."

WATT SAID HE WAS PARTICULARLY FOND OF GEORGIA O'KEEFE'S PORTRAIT OF AN OIL DERRICK AT DUSK.

Former Interior secretary James G. Watt has joined with the current secretary Donald Hodel to announce an art contest aimed at celebrating the beauty of the national parks.

DON'T STEER UNTIL YOU CAN SEE THE WHITES OF THEIR EYES

A U.S. nuclear-powered submarine, designed primarily to locate and, in the event of a war, destroy enemy submarines, suffered $2.7 million in damages last fall when it "struck a submerged object." The Navy recently identified the object as a Soviet submarine.

THE COMPANY'S LATEST VENTURE IS TESTING EMPLOYEES' SALIVA FOR CONFLICT OF INTEREST

Carlton E. Turner, who as President Reagan's drug adviser advocated the use of drug tests, has joined Psychiatric Diagnostic Laboratories of America, a firm that conducts urinalysis tests for drugs.

ERROGENOUS ENTERPRISE ZONES

The San Jose, California city government recently decided to take the Pussycat and Pink Cat theaters and the Oasis Sex Shop and Arcade off their list of stores to receive $2,500 per month economic development subsidies. The owners of the establishments are expected to sue.

HE ARGUED THAT THE LITTLE PLASTIC WASHINGTON MONUMENT BUBBLES WITH SNOWFLAKES SUSPENDED IN WATER WERE NOT IN KEEPING WITH HIS HIGH OFFICE

D.C. Mayor Marion Barry has asked the city council for $43,000 in extra cash to buy better gifts for visiting dignitaries.

SO SHE BOUGHT A RALPH LAUREN LUNCHBOX, MADE CHEERLEADER, AND LIVED HAPPILY EVER AFTER.

From a recent article in *Newsweek* on the growing pressures on children to wear designer fashions: "One mother whose daughter transferred from a midwestern school to the San Francisco Day School, says her fourth grader was shunned for months. Then a classmate took the outcast aside and whispered, "You'll make more friends if you wear Esprit clothes."

NO WHITES APPLIED TO BECOME BLACK

South Africa Home Affairs Minister Stoffel Botha recently announced last year's racial "reclassifications"—people who switched from being classified as colored to being white, from Indians to being colored, from Malays to being Indians, and 19 other color-combinations.

WHEN THE MOON IS IN THE SEVENTH HOUSE AND JUPITER ALIGNS WITH MARS, AND PEACE WILL GUIDE THE PLANETS, THEN YOU'LL GET YOUR MAIL DELIVERED ON TIME

The State of California has created a Task Force to Promote Self-Esteem and Personal and Social Responsibility. A task force member says she believes the project can play a vital role by "making sure that when government and private citizens interface, it's as valuable and positive for both parties as possible."

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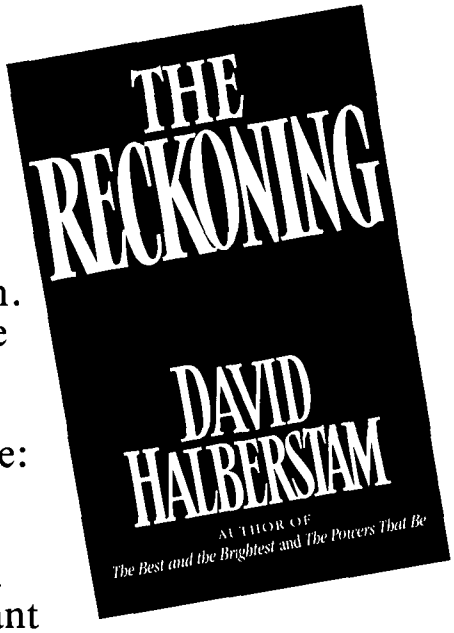
17th Annual Book Award



The Political Book Award for 1986 goes to *The Reckoning* by David Halberstam. In a review of the book in this magazine Robert Cumberford wrote:

"David Halberstam has produced the best and most important book ever written on the auto industry, but making cars is not its subject. Rather it is about the decline of American wealth and productive capacity, [and] the apparent inability of the richest nation the world has ever known to maintain the ethic and attitudes that created its strength.... The auto industry isn't about cars; it's about money and men, and Halberstam gives us the men so clearly and truthfully that it is difficult to believe he has not been a Detroit insider all his life."

Beginning on page 39, James Fallows discusses the lessons of *The Reckoning*.

RUNNERS UP

Greed & Glory on Wall Street: The Fall of the House of Lehman. Ken Auletta. *Random House.*

The Rise of the Counter-Establishment: From Conservative Ideology to Political Power. Sidney Blumenthal. *Times Books.*

Brothers in Arms: A Journey from War to Peace. William Broyles Jr. *Knopf.*

Harvest of Sorrow: Soviet Collectivization & the Terror Famine. Robert Conquest. *Oxford University Press.*

Shadows and Whispers: Power & Politics Inside the Kremlin from Brezhnev to Gorbachev. Dusko Doder. *Random House.*

Selling Money. S.C. Gwynne. *Weidenfeld & Nicholson.*

The Straw Giant: A Report from the Field. Arthur Hadley. *Random House.*

The Wise Men: Six Men and the World they Made. Walter Isaacson & Evan Thomas. *Simon & Schuster.*

Manhunt. Peter Maas. *Random House.*

Challenger: A Major Malfunction. Malcolm McConnell. *Doubleday.*

The Big Boys: Power & Position in American Business. Ralph Nader & William Taylor. *Pantheon.*

Bitter Victory. Robert Shaplen. *Harper & Row.*

The Triumph of Politics. David Stockman. *Harper & Row.*

Divorce Revolution. Lenore Weitzman. *Free Press.*

Supercarrier. George C. Wilson. *Macmillan.*

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PUTTING THE BRAKES ON THE ORIENT EXPRESS

Hope for American industrial recovery can be seen in Halberstam's vivid depiction of our economic decline

by James Fallows

By the time Ronald Reagan took office, even he must have understood that America's economy was in trouble. Richard Nixon had taken the dollar off the gold standard in 1971. The OPEC oil boycott came soon after that, and through the rest of the decade we limped along and learned about stagflation. How could Jimmy Carter have dreamed of reelection, with the prime rate hitting 21 percent in an election year?

The Reagan administration had a plan for getting the economy back in shape. The plan began and, for practical purposes ended, with dramatic cuts in tax rates. And even though Caspar Weinberger rarely explained the defense budget just this way, the big military buildup was also supposed to help the economy by creating new demand for high-tech goods.

Perhaps Ronald Reagan, Jack Kemp, Robert Novak, and other cheerleaders thought this approach would really work. Without belaboring the obvious, it hasn't. Six years after the tax cuts that were celebrated as inaugurating the "Reagan Revolution," America's economy has proven resilient in many ways—absorbing throngs of new workers, radically reducing inflation—but it has done so only by borrowing like crazy from the rest of the world. That is, we've lived better than we'd be able to if we were paying our own way and producing what we consumed. Something has gone wrong somewhere at the heart of America's productive system.

Although it took some time for businessmen to realize this, they were way ahead of the politicians. After all, for many in industry "competitiveness" is not just a campaign slogan; it determines whether or not their companies can survive. While Reagan and Kemp were still promising that lower marginal tax rates would suddenly cure America of what ailed it, businessmen were gobbling up books and articles about "corporate culture" and true competitive strategy. In one way or another the best-sellers of the Reagan era have been about the cultural and human factors that make businesses rise and fall: *Theory Z*, *In Search of Excellence*, *Japan as Number One*, even *Iacocca*. In 1982, I was in California, interviewing people in the computer industry. On the flight from San Francisco to Washington, I counted seven dark-suited managerial types reading *In Search of Excellence*.

David Halberstam's *The Reckoning* is a culmination of this literature of business culture, more valuable than most because it is such a thorough and engrossing case study. Its themes will be familiar to anyone who's read the other books (or more than an issue or two of this magazine), but his narrative approach can make even shop-worn concepts seem vivid and urgent.

Halberstam has been a patron to me, which makes it awkward either to praise or criticize him. There *are* problems with this book, similar to the problems with all his previous works. Halberstam's diminish the force of his argument, as the repetitious anecdotes and overblown writing diminished *The Best and the Brightest*. But that book, despite its defects, remains readable and important 15 years after it was published, and I think *The Reckoning* is in the same league.

As everyone knows, *The Reckoning* is about the rise of the Japanese auto industry and the simultaneous decline of Detroit. Halberstam concentrates on the number-two manufacturer in each country, Nissan in Japan and Ford in the U.S., rather than the giants, Toyota and GM. (Halberstam has said that if he had descended into GM, he might never have come back up. The book took six years as is.)

James Fallows is an editor of The Atlantic *and a contributing editor of* The Washington Monthly.

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The travails of the American car makers are not exactly fresh news. We've been reading about them for 15 years. In fact, the familiarity of its themes and subject makes *The Reckoning*'s success more impressive. In general, Halberstam tells us what we already know. The American industry suffered, he tells us, because it was smug and arrogant, and because the country was complacent about cheap gas, and because the proud men of Detroit underestimated the funny little tongue-tied Japanese. Ford lost its edge because the balance of managerial power swung away from men who knew cars and design and manufacturing and toward men who knew only balance sheets. Detroit and American manufacturing in general suffered because stock market speculators cared only about the next quarter's results, and because unions were greedy, and because managers were greedier still, and because everyone involved viewed the factories as pies to carve up and eat. The Japanese triumphed because they'd been chastened by war, and because their society stressed teamwork and shared sacrifice, and because they cared about building the right car for the market and designing it well. (The classic illustration of arrogant inattention to market, incredible but still true, is that even in 1987, American manufacturers ship cars to Japan with their steering wheels on the American, or "wrong," side. How far would the Japanese have gotten in America if they had pushed cars designed for driving in the left lane?)

Halberstam has a few less-familiar points to make about the Japanese side of the industry, especially about the post-war union-busting struggles that prepared the way for today's "harmonious" labor relations. Considering the closed-mouthedness of Japanese salarymen, it's remarkable that he tells these stories at all. Still, in large ways and small his book fleshes out and confirms the recent conventional wisdom, rather than challenging or revising it. If *The Reckoning* were reduced to "executive summary" form, like an article in a business journal, it would hardly seem to justify being read by anybody who'd kept up with the business news.

But the book is so much more than a summary or policy outline, so rich and engaging in the tales it tells, that it makes its mainly-familiar ideas seem entirely new. Out of dozens of possibilities, let me mention only two illustrations of how Halberstam brings his themes to life. One concerns the rise of financiers within American manufacturing companies. During the Second World War, in an attempt to coordinate the gargantuan logistics of the Allied force, the American military had spawned bright, young specialists in statistics and scientific management. After the war, these "Whiz Kids" descended on American industry and were embraced with particular fervor at Ford. One of the Whiz Kids, Robert S. McNamara, eventually became the company's president. An odd, reclusive figure named J. Edward Lundy, *padrone* of the Whiz Kids, wielded tremendous power against the manufacturing men. Halberstam offers a wonderful, withering, *Best and the Brightest* style profile of Lundy, showing how he taught his boys to reduce everything to numbers and use those numbers to pulverize the opposition. The Whiz Kids knew everything about statistics; they knew nothing about cars and looked down on the low-grade characters who made and sold them: "Between the factory men and the Whiz Kids lay a chasm of class. The factory men typically were blue-collar men who had risen by dint of energy, zeal, and shrewdness. They were elemental men, physical in any confrontation, often heavy drinkers after hours. They knew what they knew but seldom could articulate it except in the crudest way, with the aid of anger or obscenity. Few of them had finished high school. The Whiz Kids had been to college, had received graduate degrees, and might even have taught at great universities. They were the vanguard of the new meritocratic American middle class that, in America's postwar affluence, was ascending to become the upper middle class. Their world could not have been more different from that of the manufacturing men."

The split between the groups mattered, because each tried to pull the company in a different direction. Whenever the "factory men" and "car guys" asked for investments in new models or new manufacturing techniques, the finance men could prove that it was too expensive, or would depress quarterly earnings, or would scare off investors on Wall Street. Because they were so much better with charts and figures and words, the finance men usually had their way. In the short run, they were right. In the long run...well, it was a different story.

One of the delights of this section is seeing Halberstam work over Robert McNamara once again. It is written with the edge that only long-nursed hatred can produce. Halberstam argues that McNamara knew all the facts but none of the truth. He willfully insulated himself and his superiors from the realities, and he led first a car company and then a nation step by rational step toward disaster. "His special ability was using numbers to tilt a decision in the direction he

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One of the delights of the book is seeing Halberstam work over Robert McNamara once again. It is written with the edge that only long-nursed hatred can produce.

wanted, which was almost surely the direction his superior wanted. McNamara was devastating in intramural arguments, so sure of his own facts that he seemed without bias, the ultimate rational man wanting only the rational decision. The arguments were often with the product men, who usually wanted to spend money that McNamara wanted to save. Anytime he and his disciples wanted to, they could make a product man feel inadequate, make him feel he had failed.... In those years McNamara always seemed to be saying that yes, there were not merely answers to every question but *right* answers to every question. This was not just a business but a science, he implied."

It's conceivable that Halberstam is overselling his case. As in *The Best and the Brightest* he offers no on-the-other-hand material or rebuttal from McNamara himself. (Halberstam says that McNamara declined to be interviewed. McNamara's credulity-straining excuse was that his memory has gone bad.) Still, if Halberstam's charges are even approximately correct, the two books add up to a case that McNamara was the man who ruined post-war America. With his obvious intelligence and his worn-on-the-sleeve moral righteousness he led a major manufacturer away from a focus on manufacturing—and then legitimized our escalation in Vietnam, which in retrospect looks like America's most damaging episode since the Civil War. No doubt McNamara is an earnest man who has done penance now for nearly 20 years, first at the World Bank and then through his work for arms control. But sometime, before it's too late, he might deign to make a public explanation of his view of the Vietnam war. He might explain why he thinks the attacks on him are unfair. If he can't do that, he might even, for once, say he was wrong and is sorry.

The second illustration of Halberstam's narrative success is his portrayal of the disciplined, determined post-war Japanese. He convincingly conveys the total devastation of the country after the war, when proud people were reduced to eating scraps thrown out by plump GIs. Although they were desperate to rebuild their industrial base (and fell into many unfair-trade practices that they've never given up), the Japanese were also abashed by the mere thought of competing against the mighty American firms. GM! Ford! US Steel! Against them, how did the Japanese have a chance? Halberstam describes, step by step, Nissan's gradual climb back to confidence—the first cars it could sell to post-war Japanese, the first it dared to show outsiders, the clunky version its men took to California and tested against other models on the freeways to check its weaknesses and fix its bugs. By now, of course, the psychological positions of the two countries have reversed: when you're in Japan, it's easy to conclude that if the Japanese concentrate, they can make just about any manufactured product better than anyone else in the world. But despite their successes, the Japanese have not lost much of that desperate, produce-or-die energy that propelled them in the first place. Despite our failures, the U.S. doesn't seem to have found nearly enough of the same anxious energy.

Halberstam even accomplishes the usually overwhelming task of making individual Japanese protagonists vivid and memorable to American readers—including two figures with names easily confused by westerners, Kawamata and Katayama. The first was Japan's version of the finance man: a banker who muscled his way into controlling Nissan after the war, when the bank's loans were all that kept the company afloat. The second was Nissan's unsung hero of the American market, an un-typical Japanese freewheeler who loved California and made friends for the company all over the American West.

Because the book is so richly detailed, so complete in its coverage, and so readable page-by-page and anecdote-by-anecdote, the complaints about it, which will come, need to take second place to its virtues.

David Stockman's *Triumph of Politics* is an important description of what went wrong in Washington, but it is an inside story, for insiders. Indeed, one of its major problems is Stockman's trouble in explaining just why deficits really matter to ordinary people. I think *The Reckoning* is a more useful description of what's gone wrong

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in the Reagan years. Most of the trends it describes started before Ronald Reagan became president or even governor of California, but their importance has become urgent and obvious.

So what could be wrong with such a book? Let's start with its basic building-blocks, the mini-biographies and revealing anecdotes that fill every page. As he showed in *The Best and the Brightest*, Halberstam is the reigning champ of the delicious, emblematic, character-revealing (and unattributed) episode. This book is full of them: Lee Iacocca and Henry Ford yelling at each other at Ford, one big-shot at Nissan secretly waging war on another, people being fired and snubbed and promoted in ways that make larger points about their institutions and cultures. The stories make the book, but they also create several difficulties.

Halberstam's writing is tighter than in some of his previous books, but he still indulges himself in several annoying narrative habits that are tolerable in short bursts but really get on a reader's nerves after 700 pages. Practically everybody in this book is "extraordinarily" something or other: smart (usually), insightful, powerful, instinctive, brilliant, or whatever. The book is almost devoid of normal people with soft edges and hazy motivations and B-minus records in life. Yes, some people really are extraordinary, and the quirks of their personalities sometimes determine how large institutions behave. But reading about one titanic figure after another is like listening to music with the volume turned all the way up. It suggests, after a while, that we're learning more about Halberstam's grand-mythic view of life than about the subjects themselves.

More important, the superabundance of anecdotes brings up the *Deadly Gambits* problem once again. No one can denigrate Halberstam's perseverance and energy in collecting all the stories he re-tells. But he's not the only journalist to have come across delicious anecdotes. In my experience, such stories usually have a catch. The more you look into them, the less clear-cut and hard-edged they tend to become. You'll hear that one big shot told another to go to hell, or laughed at him because he mispronounced a word and revealed that he grew up on the wrong side of the tracks. Then you ask someone else, and he doesn't remember it quite that way. Then you finally track down one of the principals, and he chuckles and says that you've got it all wrong. And at the end of this process you're not sure exactly what you've got—and can use. At that point you make a decision. Based on everything you've heard and all the triangulations you can make, do you *think* the story is true? Then you use the story or you don't, according to your judgment about whether it helps convey the full emotional and human truth, as best you understand that truth. But your decision is inevitably judgment, not "truth." You can't really be sure, in the way you can be sure about things you've seen yourself.

Taking the leap and using the story is finally worth the risk, if you've done your best; it helps add flesh, blood, and juice to the skeleton of truth. That was why Strobe Talbott was right to use so many anecdotes about the "two Richards," Perle and Burt, in *Deadly Gambits* and why Halberstam is right to use the stories here. But it would be fairer to give the reader some idea of the deduction, interpretation, and yes, guesswork that lie behind the stories. David Halberstam does not *know* that his stories about Iacocca and McNamara and Kawamata are really true. He can use his best powers of analysis to conclude they're probably true, but he wasn't there, he didn't see it, he doesn't know.

Beyond the way he tells his stories, there is a problem with the stories Halberstam has chosen to tell. I can best approach this problem by connecting it to the most obvious feature of Halberstam's books: their enormous length. Whether it is considered sentence by sentence or as a narrative whole, *The Reckoning* is much too long. To some extent this is merely because of the author's idiosyncratic style. Halberstam's sentences and paragraphs have a don't-fence-me-in quality; he needs a lot of room to operate. The following fairly typical passage, describing Katayama's daring decision to enter an ugly-but-rugged Nissan in a trans-Australia endurance race, is two or three sentences' worth of content occupying eight sentences of space: "The Japanese, [Katayama] thought, might just win a race like this. Their cars were not very good—in fact, they were graceless cars of questionable performance. But the one thing they were—and had to be, given how bad the roads were in Japan—was durable. The Australian rally would be over rough, rocky, often muddy roads; that was the only kind of road the Japanese knew. Nissan auto bodies were strong, and they had, whatever else, endurance. Japanese auto construction, Katayama knew, was not very sophisticated, not very original, but it was very solid. It was quite possible that Nissan could enter the competition and do well. It might not win, but it could surprise some people."

The book is also too long because Halberstam tries to tell too much. He tells about Henry Ford's boyhood, Ralph Nader's suit against GM,

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MacArthur's record as post-war viceroy in Japan, the ethnic history of Detroit, the connection between Nasser's politics and the oil boycotts of the seventies. It may seem weird to complain about over-ambitiousness, when so many writers are afraid to tackle big complicated subjects, but Halberstam's omnivorous approach blurs the book's focus, especially in its last 200 pages.

The natural focus of his story is what went on between the end of the war and the oil boycotts of the early seventies, the period when the Japanese pulled themselves up from nothing and Detroit grew too complacent and lazy to respond. Halberstam's evidence about this period is rich and often spellbinding, and it covers both sides. All the other, extra-automotive forces he wants to describe had also kicked in by the seventies—the rise of financiers and lawyers, the erosion of the Depression-era work ethic, and so on. But Halberstam keeps following the story, with less detail and without really integrating it with the earlier saga, through the late seventies and early eighties. The longer he goes on the more loose ends turn up. The fortunes of the players change: Ford recovers, Nissan falls farther behind Toyota. (Last year Ford had a bigger profit than GM for the first time ever; Nissan had its first loss in years.) Some of the manufacturing jobs that went overseas in the sixties and seventies came back, as the Japanese built plants closer to their markets in the U.S. It became harder and harder to figure out what "Japanese" and "American" cars really meant, since there was so much subcontracting and international investment. The book loses energy as the thematic connections grow less distinct.

Halberstam can't be blamed for the complexity of modern manufacturing. But the blur at the end of *The Reckoning* leads us to the book's, and the author's, most important weakness. Halberstam is very good at writing about people, cultures, and institutions. He is not so good at writing about ideas. His instinct is to pick one exceptional man as a vehicle for a certain point of view; as he tells the man's story he presents his idea, trying it out against different evidence and seeing whether it holds up.

Through the first two-thirds of the book, the ideas are in synch and Halberstam doesn't need to serve as analyst. Everything conspires to push Japan up and Detroit down. But in the last section the facts are confused, and so is the book's direction. The crucial illustration of this problem occurs in two chapters near the very end:

One chapter describes the work of Harley Shaiken, whom Halberstam introduces in typical

THE WASHINGTON MONTHLY

Journalism Award

for January 1987 is presented to

"Eyes on the Prize"
PBS

Just as television shamed this country in the late fifties and early sixties with its footage of vicious southern racism, the "Eyes on the Prize" civil rights documentary vividly brings the struggle back. Its producers have even-handedly and powerfully made clear the integrity of the nonviolent movement's leaders, the relentless individual courage of its members, the importance of white support to its success, and the divisions among those who chose nonviolence and those whose bitterness finally drove them to violence.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation.

The award for stories published or aired in March will be announced in the June issue. Nominations will close April 15. Nominations should be accompanied by two copies of the story or stories.

OOPS:

In our Monthly Journalism Award for November 1986, we mistakenly said Donald Trump had fixed up New York's Rockefeller Center ice rink. He actually fixed up Wollman rink in Central Park.

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bigger-than-life style. ("Shaiken, an expert on technology, had gained exceptional insight into the dramatic changes taking place in the American workplace, in part because of his formidable intellect and in part because of the years he spent, before finding his place in academia, as a worker on the GM line.") Shaiken has advanced the view that today's automation is fundamentally different than anything that's happened before. Whereas all previous waves of automation have created more jobs in new industries than they have destroyed in old industries, today's "superautomation" is, according to Shaiken, *really* going to destroy American jobs and send them irretrievably all around the world.

It's possible that Shaiken is right, but it's not obvious that he is. There is a vigorous argument about his contention, with evidence available to each side. Of this Halberstam tell us nothing at all. Instead, just ten pages later, he gives us another heroic profile of another big thinker who has a very different idea. This is of Naohiro Amaya, a truly impressive (to me) Japanese official who argues that the U.S. is culturally more fit than Japan for the next stage of economic struggle. That is, adaptability and creativity are about to become more important, and the U.S. is better on those counts than Japan, despite our well-known current troubles with manufacturing.

Now, if both Shaiken and Amaya are correct, Halberstam needs to help us understand how their seemingly-opposite views can be reconciled. One suggests that the future looks dark for America; the other, that there's lots of hope ahead. There's room to argue with Amaya's ideas, as well as with Shaiken's. But Halberstam doesn't argue with either of them. He presents these two different perspectives on world economics with equal portent and equally impressive personal credentials. Halberstam didn't need to get into this thicket, but if he's going to introduce the issues he should provide some of the evidence on each side, so we'll have an idea which is likelier to be true.

It's a shame that Halberstam gets himself tangled up this way, because the first two-thirds of his book *does* have a clear and important message, and one that is perfectly attuned to his narrative style. The message has to do with contrasting cultures, and it remains relevant despite the recent twists in the fortunes of Ford and Nissan. The contrast is between the Japanese culture, which has never taken even survival for granted and has arranged itself to cooperate for mutual good, and the American culture that became so rich after World War II that it forgot many of the original sources of its success. The closing words of the book are these: "No country, including America, was likely ever to be as rich as America had been from 1945 to 1975, and other nations were following the Japanese into middle class existence, which meant that life for most Americans was bound to become leaner. But in the middle of 1986 there seemed little awareness of this, let alone concern about it. Few were discussing how best to adjust the nation to an age of somewhat diminished expectations, or how to marshal its abundant resources for survival in a harsh, unforgiving new world, or how to spread the inevitable sacrifices equitably."

Who can doubt that observation after watching managers hog huge benefits even when they're asking workers to cut back, perhaps the most destructive form of greed evident in American industry. If you've compared Japanese and American factories making similar products, you can't help but see the contrast. In Japan there's as much egalitarianism as industrial life permits, while in America it's a daily class war. To some degree the Japanese can agree to share because they see themselves as part of one racially- "pure" tribe. Also, as Halberstam points out, Japanese managers worked hard to crush a militant form of unionism 30 years ago. But laws, company policies, and public values also have helped minimize the gap between classes.

The most important element of Halberstam's cultural analysis of America's economic condition concerns the nation's *inherent* difficulty in competing against Japan. Our society has always been based on the "pursuit of happiness" and the chance for individuals to make better lives for themselves. The system stops working so well when individual opportunity turns into raw self-centered greed, but our society contains few built-in barriers to keep self-interest within useful bounds. In addition to their mystical racial bond, which allows them to think they all share their brothers' fate, the Japanese also have their still-powerful sense of duty and deference, and their chronic fear that they're about to be destroyed by earthquake or frozen by oil boycott, and a hundred other social and psychological forces that keep selfishness under control. It's amusing for outsiders to watch the Japanese agonize over the supposed weakening of these work-oriented virtues, since compared to any place on earth except Korea, they still seem so strong.

The U.S. doesn't have these advantages. The restraining forces we have—religion, fellow-feeling, a sense of honor and community—are important but can often be overwhelmed, as they

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seem to have been in the eighties. Moreover, the basic logic of our culture promotes greed in a way the Japanese culture does not.

When there's such good money in investment banking, how can we expect talented people to resist? When nursing or child-care pay so badly, how can we expect any but saints to devote their lives? When entrepreneurs can make a fortune by taking their companies public, how can we tell them not to? When stock-holders invest for maximum return, how can we keep companies from concentrating on the next quarter's results? The Japanese have answers to these questions. There, individuals will, within reason, sacrifice for the good of all. The Japanese even refuse to buy high-quality, low-cost rice from overseas, because that would disrupt their own precious farmers. Americans buy high-priced domestic sugar, but that's because the sugar lobby forces us to do so though import quotas. Most Japanese, by contrast, seem grateful to be sheltered from foreign rice.

So should we just recognize our limitations, give up the fight with the Japanese, and enjoy the cheap imports while our dollars are still worth enough to buy them? Even on the basis of Halberstam's account, there's reason to hope. Ford, after all, began to pull itself toward prosperity last year, when Nissan suffered its first loss in years. From what I have seen during the last year in Asia, America can recover—and prevail—in competition against Japan, but only if we understand clearly what our cultural strengths and weaknesses are.

Changing a culture is never easy, but I think two adjustments are possible—and indispensable to our recovery as a sound, healthy society. One is to rein in the greed that is always a part of human nature but that has been totally unleashed in the last few years. In some cases, we can constrict the operation of greed by changing laws and rules. Without child labor laws, companies would be telling us it was their "duty" to hire nine-year-olds to work in the mills, otherwise they'd be letting the stockholders down. With child-labor laws—and anti-pollution laws, and product safety laws—companies are forced to behave differently from what pure profit-maximization would require. This is why the crackdown on insider-trading is so encouraging. It helps us remember that some activities that are sanctioned by the market but harmful to society can be stopped, or at least outlawed. The SEC could also put tighter limits on "golden parachute" deals that protect the privileged at the expense of everyone else.

Other rule-changes could make a healthy difference. (The most important change would be to spend less money on defense, so there's more available for commerical investment, but that's a different subject.) Does the tyranny of quarterly reports distort American management? Why not change SEC rules so that companies report financial data one time a year, instead of four? For years, this magazine has been recommending that "capital gains" tax breaks be given only for new productive investment, not just for asset-shuffling or speculation.

The other important cultural change comes from the realization that except in emergencies, America can't match Japan or Korea in teamwork or self-sacrifice. Those are small, mobilized, united societies, ever aware of the threats to their continued existence. We are rich, diverse, not threatened by much. All these things conspire to make us more complacent than the Japanese.

But we do have something that those tightly-organized societies lack: the ability to respond, adapt, change, and take advantage of the wildly varying talents of people who think they can do something new. This has been the story of America since its beginning. Vistors from more settled societies have always found it vulgar and undisciplined, but it's had a vitality few other societies can match.

The Reckoning's importance is in helping to shake us out of our complacency. If we recognize that we are in trouble and that our adaptable vitality is our one crucial economic asset, we can take the steps necessary to keep the society as loose as it can be. We can take one leaf from the Japanese educational model—a faith that *everyone* can learn, not simply those who do well on the IQ tests—while rejecting the rigidity and rote-learning that typify the Japanese system. We can recognize that racism is not simply wrong but wasteful, since it squanders human talents we can't afford to lose. The remarkable success of immigrants shows us that people without fancy educations can succeed (and enrich us all), as long as no one's told them they're doomed to fail. We have to find ways to keep the black underclass from believing it's doomed—and everyone else from believing that if you didn't go to the right prep school or college, you're not any good.

If we recognize what greed has done to us—and what even greater adaptability can do for us—some future Halberstam will write a *Reckoning* describing our resurgence against Japan. But before we hope, we may have to fear, and in a healthy, bracing, Sunday-sermon way that is what *The Reckoning* helps us do. ■

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J. Edgar Hoover's American dream

THE SUNDAY SCHOOL FASCIST

by Taylor Branch

There is perhaps no greater challenge in 20th century American political biography than J. Edgar Hoover, whose career atop the FBI stretched from ragtime to rock, from the Wobblies to the Warren Commission and onto the threshhold of Watergate. As the man who transformed Sam Spade into Efrem Zimbalist Jr., created an unlikely "hero-bureaucrat" public persona, and pioneered the art of institutional public relations (inventing for instance, the ten-most-wanted list), Hoover melted himself into the American psyche. Of the nine presidents who retained his services, he worked most harmoniously with Franklin Roosevelt—a fact of enlightening discomfort for liberals and conservatives alike. He enraged Truman, bored Kennedy, and defied Nixon, but no president came close to firing him. For nearly three generations it was impossible to think of the FBI without thinking of Hoover, and some find the task difficult even now, 15 years after his death. The founding G-man played on our need for security. He harvested both the earnest support of millions who idolized him and the sullen acquiescence of critics who feared his ruthless manipulation of secrets.

Attacks on Hoover toward the end of his life served only to enhance his legend, if not his stature. A few rebellious agents wrote books of wild but true stories detailing how Hoover bent the entire culture of the FBI to his Nero-like whims. (My favorite such yarn comes from Robert Kennedy, who said in his official oral history that Florida FBI agents, hearing that Hoover liked to pick fresh grapes each morning of his racetrack vacations, always tied bunches of supermarket grapes to the vines outside Hoover's hotel room. True or not, Kennedy seemed to believe the story while laughing at it.) These comic attacks gave Hoover the aura of a madly despotic father. Posthumous diatribes added the beguiling powers of a devil, portraying "the Director" as a blend of Iago and Himmler. The FBI touched public nerves as a composite of icons: Hoover's Lab, Hoover's Fingerprints, Hoover's Files, the ghost of John Dillinger's penis, forever rumored to be pickled somewhere in the Smithsonian. Above all this was the mystery of Hoover's private life, which was an empty chamber except for the universal rumor that Hoover was a homosexual.

Author Richard Gid Powers wisely approaches Hoover as the mythological creature he was. Early in his book, he establishes his originality in Hoover scholarship by fixing his early character within the history of the British and American Sunday schools. They began in the 19th century as a secular movement to take literacy to the poor, and then, with the advent of public schools, were captured by the evangelicals of various churches as laboratories for molding religious character. "To attract and keep the children of the middle class," writes Powers, "the Sunday school had to stress its respectability, which made the poor feel uncomfortable within its genteel confines, and emphasize its exclusion of blacks." At the turn of the century, young J. Edgar Hoover, the son and grandson of Washington bureaucrats, became a convert to the Sunday school movement at the peak of its popularity among youth. Hoover distinguished himself as a Sunday school leader. Simultaneously, he excelled as valedictorian and cadet captain at Washington's elite Central High, back when white families from Maryland and Virginia still fought to get their children *into* that center-city public school.

Taylor Branch, contributing editor of The Washington Monthly, *is at work on a book on the life and times of Martin Luther King.*

**Secrecy and Power: The Life of J. Edgar Hoover*. Richard Gid Powers. *Free Press, $27.95*

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Powers portrays Hoover as a man whose energy and identity sprang from a tightly Victorian concept of middle-class pride. The young Hoover idolized an America of family hearths, piety, clean clothes, hard work, and crisp manners. It was a romance with a fierce edge to it, because, as Powers writes, "the snake in this garden was the immigrant." Always the immigrant, the one who did not belong. In Hoover's youth, wave upon wave of immigrants led to the alien hysteria of World War I, which coincided with the Bolshevik Revolution. It was then that young Hoover moved from the Justice Department's Alien Enemy Bureau to the Radical Division. He first made the news by putting anarchist Emma Goldman and several hundred aliens on a deportation ship bound for Russia, and he became instantly famous as a leader of Attorney General A. Mitchell Palmer's Red Raids of 1919-1920, in which as many as four thousand immigrants a night were arrested and charged with being subversives.

Powers uses Hoover's lifelong crusade against various forms of aliens as the organizing theme of the biography. The Hoover of the Palmer Raids sought to cauterize the nation against alien threats, and so did the Hoover who hounded Marcus Garvey out of the country in the 1920s, who chased Ma Barker and Pretty Boy Floyd, Alger Hiss, the Rosenbergs, Martin Luther King, the hippies, Black Panthers, and SDS. Always Hoover saw his targets as moral degenerates who did not belong in his Sunday school class.

Fortunately, this theme does not degenerate into another snide treatise on the narrowness of old-fashioned, middle-class values, nor does it fall into the stale formula of an ever more rigid Hoover colliding with an ever more tolerant America. Powers argues persuasively that Hoover never again tried anything so blatantly illegal and massive in scope as the Palmer Raids, and he strongly implies that the civil libertarians who throttled the Raids—killing Palmer's presidential hopes and very nearly getting Hoover fired in the process—were stouter liberals than their counterparts in the sixties.

The debacle of the Palmer Raids reinforced Hoover's bureaucratic caution. For nearly 15 years thereafter he toiled in anonymity, polishing his "scientific crime methods," courting the nation's police chiefs by inviting them to his FBI Academy, and above all shaping the bureau into a distillation of old Central High. Hoover made his agents look and act like small-town bankers. Not until the Depression did Hoover assert himself again in public, and then, with the pessimism and despair threatening to drag under the national government's barest claims to authority, Hoover perceived the public hunger for a government hero. In the Lindbergh kidnapping case, and then more spectacularly in the Dillinger, Barker Gang, and the other "hoodlum" cases, he thrust himself forward as living proof that the government was in control after all, that it could act, that anarchy would not prevail.

Powers's main point is that Hoover's spectacular public success in the thirties was almost entirely symbolic. Real crime had been declining throughout the decade, and continued to decline, but Hoover became a national savior anyway—lionized in Hollywood as well as Washington—because he starred in dramas that relieved a *perception* of anarchy. This role, Powers writes, was theatrical and profoundly political. Hoover played it to the hilt, defending the values of his old neighborhood against the alien attack. He was visibly on guard against Nazi saboteurs and subversives of the Cold War. Powers says Hoover knew that Julius and Ethel Rosenberg did not have the real scientific secrets of the atomic bomb, but he went after them anyway, because he wanted to stamp out fears that alien thieves might learn how to blow up America. For Hoover, crime was never so much an objective deed as a defective attitude, an alien state of being.

Hoover's Sunday school values did not blemish his place in history. Indeed, they remain even now a stable basis of public support. The flaw that stalked his reputation from the Palmer Raids on was his indifference to the rule of law. He had little regard for due process or other limitations upon the primitive tribal authority of the middle class as he saw it; he defined democracy as "the dictatorship of the collective conscience of our people." Hoover gave in to his fascist inclinations when he indulged in the scurrilous COINTELPRO campaigns late in his career, abandoning symbolism for conspiracy. Aimed primarily against civil rights leaders, COINTELPRO consisted of covert programs designed to harass and discredit people Hoover didn't like. What saved him before that—what allowed him to function both as a Puritan and as a cautious bureaucrat—was Hoover's gift for choosing symbolic crusades. With them he acquired for himself and the bureau the public impact of the Palmer Raids without the political risk. Most of the book follows Hoover along the edge between his moral fervor and his bureaucratic instincts.

Powers offers no major revelations or guesses

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about Hoover's personal life. He did find one photograph album that escaped the destruction of Hoover's papers by his close aides in which Hoover kept close-up studies of his constant companion and aide Clyde Tolson in the act of sleeping. Powers cannot conclude, however, that the two men were lovers. After correcting many popular misconceptions about the details of their daily routine together, he settles for the conclusion that Hoover and Tolson maintained a "spousal relationship" of some 30 years. It is among the obvious ironies of Hoover's life that so devoted a family conformist was such an iconoclastic bachelor.

The book has faults, of course, such as annoying errors of fact. In civil rights, my own field of recent specialty, Powers botched two dates and a troop count in a single paragraph, missing the Ole Miss riots by a year. A little later, he was off by ten days on the date of Martin Luther King's assassination, which seems fundamental to me. More generally, the book probably overstates Hoover's role in the demise of the American Communist Party, and it practically ignores the FBI's record in fighting "ordinary" crimes, which may be an unfair way of supporting the argument that such crimes were unimportant to Hoover. Also, Powers is a summary storyteller. Necessarily, he compresses tales of surpassing drama. A novelist's characters—Emma Goldman, Sacco and Vanzetti, Alger Hiss, Lee Harvey Oswald—troop by reduced to memo size. This is not a work of literature or even a definitive biography, but it is the first satisfying life of Hoover. ■

The press isn't reporting it, but NASA is still off course

LOST IN SPACE

by Gregg Easterbrook

"Here is policy made tangible," Malcolm McConnell writes on viewing the wreckage of the space shuttle *Challenger*, laid out on the floor of a giant hangar at Cape Canaveral. "Actually touching the cool, twisted shards of aluminum, the skeins of shredded computer cable, the chalky surface of *Challenger*'s shattered tiles, is a powerfully evocative experience. Here among the debris one is forced to recognize that political compromise, bureaucratic deception, and corporate duplicity all have consequences."

So too does journalistic complaisance. In most respects the "power of the press" is exaggerated. But as regards NASA it is quite real. The press, especially television, is a primary constituent of the space program—a player whose wishes and whims are taken into account and one which, like any other vested interest group, has an incentive to refuse to see what is going wrong under its nose.

How else can it be that in this age of overstaffed news rooms, two uncelebrated writers have come up with page after page of material missed by the networks and major newspapers about the most conspicuous story of the year? That's what McConnell, with *Challenger: A Major Malfunction*, and Joseph Trento, with *Prescription for Disaster*, have accomplished.* These two fascinating books are significant not only for what they disclose but for what those disclosures demonstrate—how poorly the big-deal media have covered NASA's institutional decline. The *Challenger* tragedy didn't come out of nowhere—there were repeated danger signs clear

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**Challenger: A Major Malfunction*. Malcolm McConnell. *Doubleday, $17.95.*

**Prescription for Disaster.* Joseph Trento, with reporting and editing by Susan Trento. *Crown, $18.95.*

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to any reporter willing to look beneath the PR gloss.

Screams of agony

Here's a shuttle scorecard. The shuttle has been turned on 27 times. Those 27 ignitions resulted in 24 completed missions, two aborts on the pad, and one destruction. Both ground aborts came within a few seconds of solid-rocket booster (SRB) ignition, which, had it occurred, would also have destroyed the shuttles: one ground abort set fire to the pad. There has been one main engine failure in flight; on that occasion only a brilliant bit of quick thinking by a NASA control room operator prevented a second engine from shutting down, which probably would have resulted in the loss of that crew. On other completed missions there has been one near burn-through of an SRB motor nozzle, one failure of an O-ring (the backup held), one fuel leak in the main engines, and about ten cases total of O-ring damage.

In other words something has gone seriously wrong on more than half the shuttles' ignitions. And in addition to *Challenger*, calamity has struck almost six times.

Trento reminds us of Thomas Baron, the North American Rockwell safety inspector who in 1967 went public with his warning that the pure-oxygen interior of the Apollo command module was unsafe. Baron was fired; 20 days later three astronauts died when the interior of their Apollo command module caught fire, deaths that were, until *Challenger*, the U.S. space program's only direct fatalities. I watched in vain for mention of Baron when Allan McDonald and Roger Boisjoly, the Morton Thiokol engineers who tried to block the *Challenger* launch, were screwed as their reward: an event depicted in a surprising number of new accounts as an isolated incident.

Trento further reminds us that following the *Apollo* fire, NASA declared the astronauts had died instantly, when in fact their bodies were found pressed up against the hatch and "hundreds of people heard the screams of agony over an open circuit that was preserved on tape." Only after extensive prodding did NASA admit that the *Challenger* crew had not perished instantly either, as initially claimed, but survived the explosion and probably lived until their cabin hit the ocean. Such grisly particulars have no bearing on policy, but do tell a great deal about NASA's institutional character, and its willingness to deceive the public.

Of the two, *A Major Malfunction* is the superior book. McConnell, who has spent the past three years covering space for *Reader's Digest*, writes well; his chapters on the days leading up to the doomed launch flow like a novel, yet do not sacrifice substance. Trento, a correspondent with CNN, is the more dogged reporter, having interviewed many former top NASA officials. But in the manner of a bad *New Yorker* article, Trento's book piles on paragraph after paragraph of seemingly irrelevant facts and quotations, which the reader slogs through assuming he will eventually be shown why all the extrania are there—only to realize after the book concludes that, nope, they were just superfluous nits and unedited verbosity.

Readers must sift *Prescription for Disaster* to find the telling nuggets of information. For instance, we learn that in 1983, when Sally Ride became the first American woman in orbit, Nancy Reagan flipped out because Jane Fonda was present for the launch. Michael Deaver, then at the White House, called NASA Administrator James Beggs on the carpet. When Beggs explained that civilian launches are open to the public, Deaver demanded that the NASA "flak" man who had invited Fonda to sit in the VIP section be fired.

Beggs, NASA administrator from the beginning of the Reagan administration until two months before the *Challenger* disaster, has been all but forgotten in most accounts of the tragedy, because he was not in charge on the day the explosion occurred. Neither McConnell nor Trento make this superficial mistake, for the agency which sent *Challenger* to its fate is a perfect reflection of Beggs's persona—rigid, remote, concerned first and foremost with budget politics.

Prescription for Disaster explains that until Beggs, managers of NASA's research and operation centers such as the Jet Propulsion Laboratory in California, the Johnson Space Center in Texas, and the Marshall Space Flight Center in Alabama, reported directly to the adminstrator in Washington. Beggs changed the system so that the center directors reported to his deputy, who then reported to Beggs. Experience has shown that this formula is 100 percent guaranteed to prevent disagreeable news from reaching the desk of the boss—which it did in the case of growing concern over the reliability of the shuttle's solid-rocket boosters.

This procedural change became a double fiasco in 1985 when that warm, wonderful human being, Donald Regan, insisted Beggs accept William Graham as his deputy. Graham, a nuclear-weapons specialist, had no experience in space

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The press, once too busy cheerleading to detect the omens of tragedy at NASA, has for the most part resumed waving its pom-poms.

issues or in management; his primary qualification was connections with the fruitcake wing of Ronald Reagan's California crowd. In November 1985, Beggs was indicted on charges of procurement fraud involving his previous job as an executive of that warm, wonderful corporation, General Dynamics. Beggs took a leave of absence, making Graham acting NASA administrator. Graham was holding the reins when *Challenger* exploded.

Trento relates that Beggs, during his administration, devoted great time and effort to pressing Congress to fund *Centaur*, a General Dynamics-built booster stage, as an addition to the shuttle program. *Centaur* represented perhaps a billion dollars in new business for Beggs's former employer. For technical reasons, *Centaur* also was considered an intemperate safety risk, and was widely opposed by engineers and by the astronaut corps. Promptly after Beggs resigned as NASA head, *Centaur* was canceled.

Beggs was the motivating force behind the space station. He campaigned for a large, continuously manned station throughout the first term of the Reagan administration, ultimately winning Reagan's approval in 1984. Beggs cleared the decks for this megabucks project by halting work on a relatively inexpensive effort to modify one shuttle so it could stay in space a month with the existing Spacelab mini-station in its payload bay. This could have accomplished about 99 percent of what a continuously manned space station could accomplish at about 1 percent of cost. Had it not been for his troubled departure, the space station would have made the perfect legacy for Beggs—putting into the pipeline a new multibillion-dollar subsidy program for aerospace contractors.

Casablanca winds

Both *Major Malfunction* and *Prescription for Disaster* offer important new insights into the days leading up to the *Challenger* launch. Combining them with facts from the Rogers Commission report and other sources, this picture emerges:

Early January 1986. Six attempts are required to launch the shuttle *Columbia* on a space junket with Rep. Bill Nelson aboard. Each scrub (a launch attempt that gets as far as boarding the crew) costs about $500,000. Nelson's flight is the first shuttle mission under William Graham. During the January 6 countdown, computers declare a scrub at T minus 31 seconds. Later it turns out that *Columbia*'s fuel tank contains nowhere near enough propellant to get the craft into space, some 18,000 pounds of liquid oxygen having been drained off by operator error. A blunder of this magnitude, undetected until seconds remained—and then only by the machines, not the dozens of senior managers in mission control—should have shocked NASA to its soul. Instead NASA laughed it off; Graham took no action. The incident is barely mentioned in press reports. Many reports do, however, make sport of the missed launch dates.

Late January 1986. Launch of *Challenger* is scheduled for Sunday, January 26—the same day as the Superbowl. It will be teacher Christa McAuliffe's flight. Graham takes far more interest in the Cape Canaveral guest list than in investigating the January 6 snafu; he goes over the list personally, scratching out names of liberals. Vice President George Bush announces he will attend the liftoff, looking forward to the free publicity as networks cut away from the year's number-one television audience to Bush waving as McAuliffe blasts heavenward. On Saturday the 24th, the Sunday weather forecast notes a chance of poor conditions. Graham, for unclear reasons, personally orders the launch postponed till Monday. Sunday's weather turns out to be ideal. Bush is said to be furious; he informs Graham he will no longer attend. In his first forceful action as agency head, Graham appears the fool.

Monday, January 27. Technicians have trouble confirming that *Challenger*'s crew hatch is sealed. Television cameras record numerous ministrations to the hatch, including the arrival of a van carrying a standard Black and Decker handyman's drill, which turns out not to work. By the time the hatch problem is solved, wind conditions have deteriorated.* At 12:36 p.m. the launch is called off. Because the scrub occurs in the afternoon, it is perfectly timed for network broadcasts which begin at 6:30 p.m. eastern time. That evening the postponement is mocked by

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both CBS and ABC—as their lead stories, no less.

The next day, Tuesday the 28th, will bring the State of the Union address. Reagan is expected to stress education as a central theme. (Whether he would have done this will never be known; following the *Challenger* explosion the original speech was canceled.) The teacher-in-space program was originally created to deflect criticism that Reagan was not doing enough about education. No phone calls from the White House are needed to remind NASA of the brownie points that will be scored if Reagan can talk about McAuliffe during the speech.

NASA officials opt to "press on"—a crash schedule of attempting the launch again the next day, though this means laboriously emptying and refilling the cryogenic tank, and though the weather forecast now calls for unusual cold.

Monday night. McDonald, Boisjoly, and other engineers at Morton Thiokol, maker of the solid-rocket boosters, begin a protracted attempt to persuade NASA to postpone the launch. The forecast calls for overnight temperatures in the twenties. On the previous coldest shuttle launch, staged at 53 degrees, the O-rings that seal the spaces between segments of the SRBs nearly gave out. In addition, one of the two O-rings has failed in flight before, and *four of the five previous* shuttle flights experienced some measure of O-ring problems. Two teleconferences lasting well into the evening are held with NASA officials. Lawrence Mulloy, SRB project director at the Marshall Center, utters the now-infamous phrase: "My God, Thiokol, when do you want me to launch, next April?"

Like their engineers, Thiokol executives are also nervous, but for different reasons. The company has enjoyed a sole-source monopoly over SRB production since the shuttle program began. But just one month before, in December 1985, NASA announced under congressional pressure that it might split-source future SRB purchases. How would it look if Thiokol called its own product unsafe? Marshall officials press the company on whether it is willing formally to declare exactly that. Thiokol is not. Then, in a singular twist, they insist that Thiokol sign and telefax to NASA a statement that the company does not object to the launch. Thiokol complies.

Marshall is Thiokol's "client." Most of the company's dealings are with it, not NASA headquarters, and so it is Marshall's wrath that Thiokol fears. Marshall's director, William Lucas, has a reputation as the weakest link in the NASA chain. Autocratic and closed-minded, he is known for two qualities—brooking only fawning subordinates, and insisting that Marshall never be blamed for launch delays. If there is bad news to be told to headquarters, Lucas will not be the one to tell it. During the attempted *Columbia* launches earlier that month, the Marshall Center had been forced to vote in favor of a postponement. Lucas was said to be steaming.

After hearing about the teleconferences, Mulloy reports in to headquarters. He says nothing of the Thiokol engineers' protests. Technically, he does not have to. Mulloy is required only to note whether the parts of the shuttle under his control will meet the formal launch-commit criteria, and those criteria say nothing about temperatures *before* launch—they say that the temperature must be above freezing *when* flight begins. Whether cold makes a launch dangerous in general is a decision for "Level I," Graham and the senior management at Kennedy Space Center. This group never gets the word about the SRB concerns. Instead of telling him, Mulloy conveys the Thiokol protest to Lucas—a decision General Donald Kutyna, a Rogers Commission member, would later characterize as "reporting a fire to the mayor." When Lucas checks in with Level I a few hours before the launch, he too says nothing.

Shortly after midnight Tuesday morning. "Tanking" of the supercooled propellants begins. During launch, a system of giant hoses douses the pad with water to prevent fires and dampen some of the vibrations that otherwise might damage the shuttle: in order to keep this and other plumbing systems from freezing, a decision is made to keep water running in them throughout the night. As a result, by sunrise the launch pad is bedecked with giant icicles—looking like "something out of Dr. Zhivago," one technician comments over the com line. Rockwell, which builds the orbiter (the airplane-like part), worries that when the tower is shaken by the forces of liftoff, these icicles will break free and crash into the shuttle's delicate thermal tiles.

**A note to those who accepted the official contention that shuttle flights would be "routine" and occur nearly once a week with nary a hitch. In order for the shuttle to launch, the weather must be good not only at the Cape but also at the Edwards Air Force Base and either Casablanca, Morocco, or Dakar, Senegal, where emergency landing sights may enable the shuttle to survive some types of emergencies during the ascent. What are the odds of good weather in Florida, California, Morocco and/or Senegal simultaneously? Low; even at the shuttle's modest actual operating rate, many launches have been postponed because of high winds in one of these places.*

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Rockwell engineers begin pressuring *their* bosses to stop the launch. (Because the shuttle exploded, it will never be known if ice damage to the tiles took place.)

Another weather complication ensues: more high winds. Gusts are reported in the shuttle's launch arc. Downrange, where two ships wait to recover the spent SRBs, seas are heavy. During the night the ships had been forced by 30-foot swells to withdraw from the recovery site. Stiff winds blow across the shuttle at a perpendicular angle, such that condensate from the cryogenic tank swirls around one SRB but not the other, reducing to 8 degrees the exterior temperature near the joint that will eventually fail.

Over the years NASA had come to adopt a can-do attitude about weather. Apollo 12, launched through a thunderhead, was struck by lightning twice during ascent; miraculously, the rocket continued to function normally. A fiercely powerful spaceship, capable of defying gravity and surviving in the absolute zero of space—what did it have to fear from a little wind and nippy weather? Acting Administrator Graham isn't available to assess the situation. On the morning of January 28, Graham is on Capitol Hill, in the office of Rep. Manuel Lujan, lobbying him about NASA appropriations. Before entering the spacecraft, astronaut Ellison Onizuka jokes with the hatch technician about his face being shown on CBS News the night before. At 11:38 Tuesday morning, *Challenger's* engines begin to fire.

Ignition. The mission is the coldest launch on record, and also (somehow, a neglected fact) carries the heaviest payload attempted (48,000 pounds, still considerably below the 65,000 pounds the shuttle is supposed to be able to handle). At liftoff a puff of smoke appears near a joint on the right SRB. The O-rings have failed. Then the smoke stops. It it believed that after the pressure wave of ignition passed, the joint managed to regain its seal. The shuttle rises normally. After about 40 seconds of flight the main engines are throttled down in anticipation of "Max Q," the moment of peak aerodynamic stress. Then *Challenger* passes through a wind shear. The damaged joint ceases to hold. Flame appears on the right SRB, followed by an explosion.

One year later. Morton Thiokol's sole-source monopoly on the SRB remains intact. In retrospect the company's worry about the contract seems hilarious, for even after its product fails in full view of the world, Congress remains, as always, incapable of contesting an entrenched spending program. Several NASA managers have retired, but not one has been disciplined. Three billion dollars have been allocated for another shuttle, even as new plans are drawn to hardly use shuttles at all. NASA's future budget levels have been increased substantially by the Reagan administration, teaching again the lesson that in government bureaucracy, nothing succeeds like failure.

The press, once too busy cheerleading to detect the omens of tragedy at NASA, has for the most part resumed waving pom-poms. With the notable exceptions of *The New York Times*, whose William Broad, Stuart Diamond, and David Sanger have broken several important stories, Mike Thomas, Tim Smart, and James Fisher of *The Orlando Sentinel*, and the Knight-Ridder newspapers, whose Mark Thompson is frequently ahead of the pack, most reporting of the aftermath has been remarkably timid and shallow. Recent pieces in several major news outlets have boiled down to "Golly gosh, how will NASA be sure it gets a dramatic budget increase?"

Too Ambitious

Network newscasts the night before *Challenger* exploded provide a clue to the mentality at work. Dan Rather began CBS News by declaring: "Yet another costly, red-faces-all-around space shuttle launch delay." Peter Jennings began ABC with these words: "Once again a flawless liftoff proved too much of a challenge for *Challenger*." (Rather, that biased liberal, has been widely excoriated for his remark. The phrase chosen by Jennings, who with his aristocratic inflection is regarded as the right's favorite anchor, was considerably more sarcastic.) Why should a brief postponement of an allegedly routine event merit treatment as the lead story on two network newscasts? Because as far as the networks were concerned, the purpose of the space program was to produce pretty pictures for them to broadcast.

Television was keeping up its end of the bargain, providing only gee-whiz coverage. By failing to provide pictures, NASA had defaulted its portion of the compact, and that justified a little sneering. It's not too cynical to say this—NASA encouraged the "special relationship" attitude, more than happy to feed the media in return for lenient scrutiny. Reporters covering the Washington bureauracy often write about turf battles and pork barrel, yet never seem to raise these issues when it comes to NASA. That's because agencies like the General Services Ad-

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ministration do not produce dramatic footage, human interest stories, or trips to watch exciting launches and landings.

A related factor is that delays are the one aspect of space most reporters feel comfortable criticizing. Delays are an open and shut case; no one can argue they ought to happen, and detecting their occurrence requires no subtle understanding of technical issues. So reporters compensate for their gushing over anything that flies by snarling when the schedule slips.

Of all the questions concerning the U.S. space program, delays are surely the least significant. Who cares if a shuttle launch is late? Safety and cost-effectiveness are infinitely more important than timing. Rather and Jennings might as easily have begun their broadcasts, "Putting safety ahead of public relations, NASA took no chances with today's planned shuttle launch." In the aftermath of *Challenger* there have probably been five times more lines written about the fact that scheduled satellite deliveries and planetary probes will be delayed than on far more substantive issues, like why we are building another expensive shuttle which will operate with the same no-escape-possible booster system.

The one aspect of shuttle delays relevant to public discourse is the extent to which they establish how improbable NASA's claims were that justified the shuttle in the first place. It is now common for reporters to assert that pressure on NASA to "fly out the manifest," or meet its satellite and space-probe delivery commitments, led to relaxed safety standards. That may be. But the 1986 manifest called for 11 flights. Congressional authorization for the shuttle program was premised on 50 annual flights. If the pressure of meeting 11 launch dates was so intense that it caused dangerous compromises, then the shuttle never made sense in the first place.

Today the question of whether the shuttle makes sense has been dropped entirely, with reporters focusing on objections that the new plan calling for a maximum of 16 flights per year by the mid-nineties is "too ambitious." Probably it is, in the sense that the shuttle is a very complicated machine attempting to do what is at the moment technologically impossible—repeatedly fly to space without falling apart. But if a handful of annual launches has become too ambitious, why are we sinking money into another shuttle?

Similarly, many have argued that *Challenger* blew up because NASA was too concerned with cost-cutting. It's true the agency was doing everything in its power to hold down costs. For example, the men fumbling with the hatch were technicians hired by Lockheed on a shuttle services contract. Previously that role was filled by engineers employed by NASA, but licensed civil engineers with civil service tenure cost more than private-sector technicians. Once again, if 1986 cost-cutting rendered the program too risky, then shuttles make no sense—because even at the 1986 rates, the true cost of launching payload was several times the cost of using expendable rockets.

Secret joys

Both *A Major Malfunction* and *Prescription for Disaster* go into detail regarding how the original flight-rate and flight-cost predictions were manipulated by James Fletcher—NASA administrator in the seventies when the shuttle was being designed and funded and brought back to be administrator last winter—in order to paint an impossibly rosy picture. The tale is too involved to recount here; the question raised is, with Fletcher back, what new phony claims are being made to lasso more money?

McConnell admits he was spellbound by NASA. "Shuttle flights were thrilling to observe," he writes. "The press began to see itself as *participants* in the adventure...[although] you always felt vaguely managed, especially when you stopped to consider that NASA ground rules forbade reporters from scheduling their own interviews with the actual program people." McConnell clearly feels that because he failed to question NASA claims, he deserves a share of the blame for seven lost lives. This is a refreshing attitude, given that most journalists maintain that once their stories are written their hands are washed. McConnell does not speculate about what might have happened had he tried to get the material in *A Major Malfunction* into *Reader's Digest* before January 1986, when there was time to prevent the tragedy. Needless to say, *Reader's Digest* would not have run it.

Over the years I have wondered what accounts for reporters' suspension of disbelief when it comes to NASA. Most likely it is not genuine enthusiasm for the scientific knowledge attained, though this is the best reason to support space exploration. I doubt many journalists really care that soil on Mars contains oxygen, that Jupiter's moons Europa and Ganymede have cores of liquid water, or similarly abstract information that may hold significance for the human race. And surely it can't be genuine affection for the people. There are some colorful characters in NASA, but not many. Most of the organization is paracorporate and obsessively conformist.

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I think what it boils down to is that space is defense minus the value judgments. Many reporters—even those biased liberals, and especially boys—secretly enjoy visiting military bases, standing next to awesome machines, and rubbing shoulders with the people who know how to use them. But since the purpose of defense machines is to combat, it is poor form to admit that such technology holds a strange fascination.

Now space, on the other hand, nobody's against space. There is no moral dilemma with a civilian agency like NASA visiting the heavens for civilian purposes. So the childlike, adult-toy glee regarding technology (those master control rooms! what does it feel like to press the button?!) can be openly expressed. Men can let their boy sides run free; women who are interested in technology can indulge themselves without getting in trouble with the sisterhood. Meanwhile the dazzle factor, and the technical complications that flow from it, excuses the reporter from trying to explain or even figure out what's actually going on. The sheer drama of the event can be reported, the way a correspondent in a morally defensible war could report the drama of battle without having to raise questions about whether the battle should be occurring in the first place.

Likewise, for years I have wondered how NASA—which was right, sometimes majestically right, so many times in a row during the Apollo days—came to suspend its own disbelief regarding the shuttle. *A Major Malfunction* and *Prescription for Disaster*, in their depiction of NASA's many exercises in self-deception in order to win shuttle funding and preserve the agency's existence, make me think this is the answer:

NASA was created with an exemption from contemplating its own purpose. In the days following Sputnik, when the moon race was, for good or ill, a historically inevitable political phenomenon, high technology space machines were ends in themselves. NASA was expected to do three things: conceive high space technology, make it work, and assure the public that the expense was justified.

That formula served the agency through Apollo. But then, as the need for an all-out commitment to expensive manned flights declined, NASA was asked to change course—to plan a space project that made economic sense. This is something that, as an institution, the agency was unprepared to do. Instead NASA resorted to the formula that had worked for Apollo. The first step, of envisioning a grand leap in technology, once again went well. The second step, of making that technology work, went well for awhile, until some of the Pollyanna assumptions (mainly involving routine re-use) began to be exposed. The third step, of justifying the expense, proved impossible. So NASA lied. Once the agency had learned to lie, it was started down the road that ended on January 28, 1986.

Now the U.S. has embarked on two new paths in space policy. One, which calls for continued use of shuttles well into the 21st century, will at best waste a lot of money, and at worst may lead to more lives lost attempting to achieve nominal goals like cargo launches. Its main value is to prevent staff cuts at NASA's vast manned-flight hierarchy.

The other path is the aerospace plane (which Reagan inexplicably calls the "Orient Express," apparently believing it will be practical for commercial transportation). So far $450 million has been handed out to contractors to start logs rolling for this new constituent spending program. In the early stages, aerospace plane designers appear to be gathering up all the shuttle mistakes and multiplying by two.

In theory the aerospace plane sounds great—a machine that takes off from a runway and ascends to orbit in one piece, basically an airplane that flies very high. Someday, such craft may ply the skies. For the moment the technical obstacles seem insurmountable. An aerospace plane would have to be powered by a hypothetical engine called a scramjet. Space shuttle designers took a huge risk by pushing the two engines types they employed to an output far greater than had previously been attempted. But at least there was considerable operating experience with solid boosters and cryogenic motors to call on. Building an aerospace plane will mean risking everything on a technology that has yet to leave the lab. And because the aerospace plane will do most of its accelerating within the atmosphere, its skin will be exposed for extended periods to *higher* temperatures than the space shuttle encounters briefly during reentry. Much of the vehicle would need to be covered with some as yet unspecified new form of super-advanced tiles that withstand great heat indefinitely.

Someday problems like this will be overcome. But building an aerospace plane in this century will probably be possible only by concentrating all the country's space resources on a handful of breathtakingly expensive manned vehicles and then gambling that nothing will ever go wrong with them. That's where we were in 1972, when the press and the Congress decided to believe in the space shuttle. That's where we are again today. ■

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POLITICAL BOOKNOTES

Alchemists of Revolution: Terrorism in the Modern World. Richard E. Rubenstein. *Basic Books, $17.95.* Just when the entire country seemed to have agreed on the wisdom of bashing terrorists—and of never, ever negotiating with them—along comes a lefty professor from Antioch Law School named Richard Rubenstein to spoil the fun. He poses obnoxious questions, like: What is a "terrorist" anyway? What separates his terrorism from the presumably legitimate political violence of a "freedom fighter"? Shouldn't we try to understand the causes that motivate people to commit such extreme acts of violence? These are reasonable questions, especially in a time like this, when the nation is suffering a mild case of hysteria about the terrorism problem. These days, even posing such questions will strike many people as outrageous.

Rubenstein is right, the difference between the terrorist and the freedom fighter is not so obvious as the Jeanne Kirkpatricks and Benjamin Netanyahus would have us believe. Unfortunately, *Alchemists of Revolution* isn't much of a book.

In many ways it *is* outrageous, for in seeking to understand what motivates terrorists, Rubenstein loses sight of the evil they do—and of the way that terrorism destroys the fabric of societies where it takes root. Indeed, Rubenstein comes close to an "Officer Krupke" argument ("I'm depraved on account of I'm deprived"): it's really the fault of *society* if people become terrorists. We have a responsibility to keep young intellectuals from becoming too frustrated, he says, lest they take up the gun. And he seems almost enthusiastic at the prospect that born-again New Leftists may someday soon launch a wave of terrorism in the United States. "It seems clear that we are incubating terrorists in the United States," he writes. "For when hope does rise—and with it rage against the persistence of inequality, injustice, and war—what will prevent educated and ambitious young people from taking the terrorist road? . . . Even now, should some untoward event ruffle the placid surface of American politics, the probability of increased terrorism is high, if only because of the absence of alternative means of expressing hope and anger."

Egad! Yuppies, wild in the streets.

The book also suffers from what might be called the "oh yeah" school of argument. As in, "You're a terrorist!" "Oh yeah? *You're* the terrorist!" In this case, the "oh yeah" side involves America's support for "terrorism" by our own military and allies. Rubenstein writes: "What terrorist assassination campaign compares with the CIA's 'Phoenix Program,' which resulted in the liquidation of at least ten thousand suspected communists during the Vietnam war? What kidnapping operation can match the disappearances engineered since the mid-seventies by government-sponsored death squads in Guatemala, El Salvador, or Argentina?"

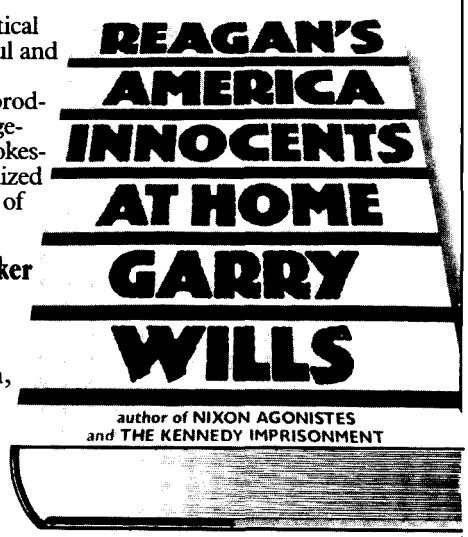
As this passage suggests, the author writes from the left, and expresses understanding and support for many leftist causes around the world. (The Cubans, for example, have "little need to export their revolution [since] there were so many willing imitators.") Rubenstein says he finds the Marxist perspective "more useful. . .than any of its competitors" in analyzing terrorism, and he quotes Trotsky's remark that in criticizing terrorism one must remember the "inevitability of such convulsive acts of despair and vengeance." For Rubenstein, the "inevitability" of terrorism seems almost to justify it.

What this book lacks is a moral center. For all Rubenstein's sympathy for the oppressed, I wonder if he has really considered what it is like to live in a place where

"For efforts to find Mr. Reagan's 'place in history,' this book will be indispensable." —C. Vann Woodward, front page, *New York Times Book Review*

"One of our foremost political writers offers a thoughtful and provocative portrait of a national archetype—the product of a professional image-making machine, the spokesman for a vanished, idealized America, and the mirror of a past that never was.

"Garry Wills is a thinker of the first rank. He combines the vigor of the social critic with the depth of the historian, and to these he adds the even rarer gifts of the philosopher." —*New Republic*



DOUBLEDAY

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terrorism—and the random violence it spawns—have become commonplace. He might find it instructive to visit Lebanon, where every militia—left and right, Christian and Moslem—espouses revolutionary violence, and all of them believe (with some justification) that they have legitimate grievances. After spending three years there listening to fanatics on all sides explain why their particular cause justified the mayhem they were inflicting on their country, I developed an abiding dislike for terrorists and freedom fighters alike. I suspect that Rubenstein would, too.

Terrorism is evil, whether it is Menachem Begin blowing up the King David Hotel or Yasser Arafat attacking an Israeli kibbutz. Understanding its causes is fine, so long as we reject the outcome. Love the sinner, but hate the sin.

—David Ignatius

Reagan's America: Innocents at Home. Garry Wills. *Doubleday, $19.95.* Wills is working here in the manner of a jazz musician who can improvise brilliantly for hours on a simple, schmaltzy show tune; this book is really a series of riffs on various aspects of Ronald Reagan's life. Wills has done a certain amount of first-hand research, especially around the midwestern towns where Reagan spent his early years, and a great deal of library work. This doesn't amount to a Robert Caro-like feat of biographical legwork, but it's enough to get Wills's mind into high gear. The result is, along with Lou Cannon's 1982 biography, one of the two best books on Reagan to date.

It's hard to tell whether Wills is intellectually courageous or just undisciplined; anyway, he does not feel at all constrained from the kind of freewheeling speculation that can sometimes lead to piercing insight and sometimes to mere digression. He spends pages arguing that George Gipp never asked Knute Rockne to win one for the Gipper and that Jeanne Kirkpatrick didn't invent the distinction between authoritarianism and totalitarianism. He goes into great detail about turn-of-the-century midwestern religious history and Hollywood makeup techniques of the thirties and argues, in one especially fascinating but not too relevant chapter, that J. Edgar Hoover's FBI was an integral part of the New Deal. One has the feeling that Wills would be world champion at the kind of conversation that takes place after the dishes have been cleared away and the empty bottles have started to pile up.

Wills's last book, on the Kennedys, had a bitterly debunking tone. This book's is much sweeter. Even though Wills has minimal respect for Reagan as president, he can't help liking him for having leapt to life out of the pages of Mark Twain. (Typically, Reagan wildly misreads Twain, and in the process reinvents his own troubled early life, describing his boyhood as a "Tom Sawyer/Huck Finn idyll.") What *Reagan's America* and the Kennedy book have in common is that Wills is onto a central truth about his subject. Better than any writer, Wills captured John F. Kennedy's urge not to play by the rules; in the case of Reagan, he builds his portrait around his subject's skills as a performer and mythologizer. Reagan's ability to seize on stories that illustrate his world view and then to believe them with all his heart whether or not they're actually true is the quality around which everything else about him revolves. To cite just one of many possible examples, Wills is hilarious in recounting Reagan's heartrending sentiments about the pain of being away at war when he was only just on the other side of Mulholland Drive, making training films. Reagan's long career as a front man for business interests, Wills argues convincingly, has to be seen as completely uncynical, though somewhat self-deluding.

Our grandchildren will want to know most of all two things about Reagan: why he was so popular, and how he could have followed that patently irrational course of tax and spending policies in 1981 that will cause the country problems for decades to come. This book will be a good place to direct them for the answers.

—Nicholas Lemann

Impact: How the Press Affects Federal Policy Making. Martin Linsky. *Norton, $19.95.* When reporters get together to drink and complain, the subject occasionally turns to the issue of power—our power. Of course we have it, most will argue. If we don't, what the hell are we doing at the office at two in the morning diddling around on a word processor for less money than our brain-dead ex-classmates spend on lunch? Look how much power we have compared to bureaucrats; the cabinet secretary reads our stories before he reads their memos. The lobbyist? He goes one on one; we go one on thousands or millions. Reporters can usually be counted on to brag about how stories they wrote caused the closing of a sadistic mental institution or sent a politician to jail back in the days when they worked on the city desk.

At about this juncture in the conversation, when the self-congratulation over keeping score this way reaches its peak, a friend of mine usually pipes up with a theory depressing enough to send everyone directly to business school. The stories from the small town metro desk are precisely the point, he says. A reporter can only be truly powerful if his power is exercised directly. But "agenda setting," the most common definition of journalistic power on a national scale, is accomplished diffusely. In Washington, he says, there are simply too many individuals and institutions clashing at too many levels for any single reporter to really claim much credit for anything beyond simply contributing information. In other words, at precisely the moment we broke into the big leagues, we lost most of our power.

I think my friend's at least partly wrong, but it can be hard to prove. He even argues, with some merit, that Bob Woodward and Carl Bernstein were not responsible for bringing down Nixon; Judge John J. Sirica did it. So I was glad for the ammunition this book provided my argument. Martin Linsky and a team from Harvard Kennedy School of Government have interviewed important policy makers (plus a few reporters) and produced an informative study of the way

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press coverage frames issues at the federal level.

Linsky points out that with 10,000 journalists from 3000 news organizations covering Washington, the institutional power is now so overwhelming that we sometimes forget it wasn't always so. "I doubt I spent much time thinking about the press as distinguished from the general public and the Congress," says Theodore Sorensen of his years as John F. Kennedy's top aide. Compare that to the attitude of Stuart Eizenstat, Jimmy Carter's chief domestic policy adviser, who viewed the press as a "litmus test"—if the press couldn't be convinced, he says, then neither could the public. The change from a cooperative press to a combative, cynical one is usually attributed to Vietnam and Watergate. But the book also explains how the press reacts in an adversarial way in part because the government has been conditioned to expect that reaction. We get to see this through the eyes of the officials themselves, though they are overquoted making obvious points.

Instead of laying out each case study in its own chapter, they're mixed together here in a way that's confusing. But at least I now have a few more examples of reporters who changed the world. On June 6, 1977, Walter Pincus wrote a story in *The Washington Post* under the headline: "Neutron Killer Warhead Buried in ERDA Budget." The article explained for the first time how the U.S. government was developing a little-known "neutron bomb" that kills people but leaves buildings standing. This is not exactly how the government described the weapon. Proponents pointed out that it would stop the advance of Soviet tanks without blowing up European cities that might otherwise be caught in the crossfire. But the Pincus formulation stuck. Two years later, of the 60 newspaper articles about the neutron bomb surveyed by this book, 50 included Pincus's description. So did TV accounts. "The issue is not what ought to be the adminstration's position on enhanced radiation warheads, but what ought to be the administration's position on the Pincus story," Linsky writes. The public relations fiasco over the bomb helped lead Carter to cancel it.

The other cases mentioned—the Reagan administration's tax credits for segregated schools like Bob Jones University, the review of Social Security disability rolls that led to horror stories about people losing benefits in 1982, the Carter administration's relocation of residents of Love Canal—are also viewed mostly as screw-ups by officials who let the stories spin out of control. The conclusion is that these are disasters that some good p.r. could have prevented.

But the journalists themselves get off pretty easy, which is unfortunate, because their motives, conscious and unconscious, are at least as worthy of scrutiny. Take the recent issue of a pay increase for federal employees. Why did the press give it such favorable coverage, accepting without question that those officials make less than people holding comparable jobs in the private sector? Perhaps because they now make pretty good incomes themselves—more than the lunch money they like to claim. The result was that reporters felt some bond to the federal employees and their coverage of the pay increase was remarkably sympathetic. As it turned out, of course, positive press coverage didn't help convince the public that the pay raise was deserved; thousands of letters poured into Congress opposing it. The increase went through thanks to some legislative sleight-of-hand but no thanks to the positive press. Which just goes to show that at least in those cases when reporters try to wield their power along the lines of their own self-interest, my friend might be right after all.

—Jonathan Alter

The Wise Men. Walter Isaacson & Evan Thomas. *Simon & Schuster. $22.95.* There was a time when "The Wise Men" carried mixed meanings. To some within the Johnson administration, it meant the group of six men who had, during long careers in and out of government, advised presidents, managed armies, and negotiated

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agreements on behalf of the nation. President Johnson assembled them from time to time, hoping to obtain, and normally obtaining, their support for America's involvement in the Vietnam war.

To other audiences, bitterly frustrated by that war, a mocking echo followed the phrase. To them "The Wise Men" were famous and reputable figures, most of them retired from public service, who bore no responsibility for either prosecuting the war or ending it. Yet the war was seen as part of the policies they, and others like them, had shaped and administered over a quarter-century, which had thrust us upon the poisoned pungi-sticks of Indochina.

Walter Isaacson's and Evan Thomas's book is a largely admiring account of these six extraordinary statesmen who came together to advise President Truman: Dean Acheson, secretary of State; Averell Harriman, ambassador and master negotiator; John McCloy, high commissioner for Germany; Robert Lovett, cabinet secretary; Charles Bohlen, career foreign servant; and George Kennan, thinker, writer, and ambassador.

The book's format—six lives intertwining through history—tends to make more of essentially superficial connections than the facts warrant. Still, this personalizing of government and policy makes *The Wise Men* splendid reading for those of us for whom Dr. Kissinger's books, for example, are like great lumps of Wheatena.

The character of Averell Harriman—who was not particularly brilliant or articulate, yet was endowed with common sense and an indomitable will—became more important than contests over language in position papers. That character, which drove him through four decades of public service, ultimately determined the positions America took in dealing with the Russians. Dean Acheson's high standards attracted a number of superior men to the State Department, and made him able to see and revere the excellent qualities of his non-Grotonian, non-Yalie boss, Harry Truman.

When presidents needed someone to manage Germany, deal with the Arab oil states, or organize the production of warplanes, they called McCloy at his Wall Street law firm, or Lovett at his (and Harriman's) investment banking house and asked them to get back in harness. With not much urging, they normally did—not for the Washington climate; not to lengthen their resumes and win better jobs when they returned to private life; not simply to hold power. They simply believed they should employ their power in the resolution of issues worthy of a serious man's attention.

Bohlen and Kennan, who were for the most part hard-liners, remained in federal service, their eyes fixed on Russia even when they represented us elsewhere. Kennan, upon learning in 1945 that Secretary of War Henry Stimson wished to share control of atomic power with the Soviets as a means of reassuring them, fired off a message from his post in Moscow: "There is nothing—I repeat nothing—in the history of the Soviet regime which would justify us in assuming that [Russian leaders] would hesitate for a moment to apply this power against us if by doing so they thought that they might materially improve their own power position." The best-known expression of Kennan's views, of course, is his famous "X" article, written in 1947 for *Foreign Affairs*, in which he spelled out his remedy for Soviet expansionism: containment.

The Wise Men being very much about character does have some fine insights. It includes a telling note from Kennan to Acheson, whose failure to define South Korea as in the U.S. sphere of protection helped trigger its invasion. He subsequently failed to stop MacArthur's progression to the Yalu that triggered the Chinese entry into the war and the terrible casualties American forces endured as a result. Kennan wrote Acheson:

"In international, as in private, life what counts most is not really what happens to someone but how he bears what happens to him. For this reason almost everything depends from here on out on the manner in which we Americans bear what is unquestionably a major failure and disaster to our national fortunes. If we accept it with candor, with dignity, and with resolve to absorb its lessons and to make it good by redoubled and determined effort—starting all over again, if necessary, along the pattern of Pearl Harbor—we need lose neither our self-confidence nor our allies nor our power for bargaining, eventually, with the Russians. But if we try to conceal from our own people or from our allies the full measure of our misfortune, or permit ourselves to seek relief in any reactions of bluster or petulance or hysteria, we can easily find this crisis resolving itself into an irreparable deterioration of our world positon—and of our confidence in ourselves."

—Harry McPherson

The Paper. The Life and Death of The New York *Herald Tribune*. Richard Kluger. *Knopf, $24.95*

Every year there is a reunion party for the reporters and editors who worked on the New York *Herald Tribune*, and at every party I have attended, along toward the end of the evening, mellowed by drink, somebody raises his glass and proclaims, "By God, you could take the people in this room right now and still put out the best newspaper in the country." The rest of us raise our glasses and cheer in agreement. But we don't really believe it.

The *New York Times* was the better newspaper. In 1966, the year the *Trib* died, the days of glory and national prominence for *The Washington Post*, or respectability for the *Los Angeles Times*, and of legitimacy for the *Chicago Tribune* still lay ahead. No, the *Times* was the best, by far. The *Trib* was a distant second. No contest, really. We all knew that.

But we also knew we were working for an American institution, for a publication rich in prestige and accomplishment, and, most of all, for the best written daily newspaper in the world.

Somebody had to write a book about it all, and, lucky *Trib*, the man who did it is Richard Kluger,

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the paper's last literary editor. *The Paper* is a very long book, carefully researched and well-written, a fair but critical history.

It is a complicated story because the rise and fall of the *Trib* is connected to all the changes that have swept so rapidly over the nation during the past half century, changes that carried the paper, most often like a bobbing cork, along with them.

And superimposed on that, the story of the paper is a story of strong-willed and colorful editors, reporters right out of *The Front Page*, wrong-headed owners, a benevolent and indulgent millionaire—an endless list, a cast colorful enough for any network mini-series.

Who in his right mind likes to see a good newspaper die? Bad newspapers, mediocre ones, non-papers, die and are dumped into hastily dug holes in some journalistic Boot Hill and are quickly forgotten. Except for workers who lost their jobs, I don't know many people who mourned the loss of New York's *Mirror*, *Journal American*, or even the *World Telegram*. Consider this: what if the *New York Post* didn't publish tomorrow?

It is different with the death of great newspapers. They are remembered long after their demise both by those who produced them and those who read them; remembered, no doubt, because there have been very few truly great daily newspapers published in our country that did not survive and prosper. So when one dies, when the ever popular, although greying prince consort gets wasted, questions are raised, charges are hurled, what-ifs are asked.

Television didn't do in the *Trib*. Television does offer the person home from work the news, sports, weather, even comics ("Gomer Pyle" re-runs). That, along with rush-hour circulation problems, its driver-accomplice, is the mass murderer of afternoon, not morning dailies.

Neither was the paper done in by millionaire John Hay Whitney, who owned it from 1959 until its death. As an editor, to have had Whitney as your publisher was, as they say under the hair dryers at Garfinkel's Spring Valley beauty salon, to die for.

No, the key players in this tragedy were the paper's previous owners, the Reid family. Imitating J. Breslin, some Greek playright would have had himself a field day with this one. You got here your arrogance, your ignorance, your snobbery, your, well, thirst for profit, your basic lack of vision, and all the rest of those lacks. Throwing in much dumbness, and what you got was the family, playing like a child with a precious jewel taken from mummy's case, and flawing and cracking it beyond any possible restoration. What fun. The rich and indulgent do that all the time. The Binghams just self-destructed in Louisville, didn't they?

The *Herald Tribune* was gut-shot generations ago, and after that it was only a matter of time until it died. But what a death, like John Wayne at the Alamo. There will never be another major daily newspaper quite like it. I was its last White House correspondent. It was an honor. And Dick Kluger will receive a warm welcome at this year's reunion.

—*Douglas Kiker*

The U.S. Senate: Paralysis Or a Search For Consensus? George E. Reedy. *Crown, $16.95*. After completing a tour as press secretary in the LBJ White House, George Reedy wrote one of the most celebrated studies of the executive branch, *The Twilight of the Presidency*. This companion volume draws upon Reedy's earlier experiences as director of the Senate Majority Policy Committee in the fifties. Judging from the dreary title, Reedy (or perhaps his publisher) apparently intended this book to be a contemporary, political-sciencey tract that makes a case for a slow-moving Senate. Although Reedy's defense of legislative paralysis remains the perverse and not terribly persuasive thesis of the book, somewhere in the process of writing, Reedy seems to have been overcome by the desire to tell old war stories. The result is

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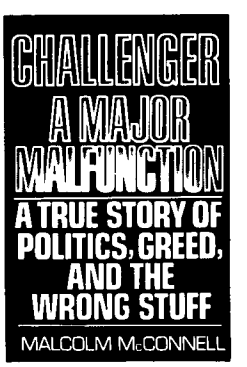

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a lively and penetrating memoir whose unconvincing main point is obscured by a multitude of much more compelling, smaller insights into the legislative process.

Capitol guides often tell visitors to the galleries that the floor is empty because "most of the work is done in committees." True enough in the House, Reedy concedes. But in the Senate, with the exception of Appropriations, all committees require a special dispensation to meet during a session. In fact, Reedy argues, senators do their crucial work neither on the floor nor in committee but in casual conversations conducted while walking through the Capitol corridors, attending parties, enjoying a cup of coffee, or working the Senate cloakrooms. "The real reason visitors so rarely see the Senate filled with members," writes Reedy, "is that most of them are out engaging in these chats."

Another misconception Reedy attacks is the notion that the key to Senate power is a committee chairmanship. Again, Reedy argues, this is far less true in the Senate than in the House. The real source of power is an individual senator's ability to work the levers of power within the Senate, which are more informal and complex than in the more hierarchical lower chamber. For example, in the early fifties the ranking Democrat on the Senate Finance Committee was Harry F. Byrd—a man who was so conservative on economic matters that he found himself totally out of step with both the committee and the Senate as a whole. As a result, Reedy writes, effective power ended up in the hands of a few low-ranking senators on the committee. When Reedy had to do business with Finance, he would pay a courtesy call on Byrd—and then, "as soon as I could do so decently. . . head for the senators in control." This dodge was obvious even to Byrd, who "had resigned himself to his ineffectiveness."

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The most widely held misconception Reedy attacks is the notion that strong leadership in the Senate leads to the presidency—an idea that Senate minority leader Robert Dole is putting to the test. In fact, argues Reedy, the most "presidential" Senate leaders in the fifties (Estes Kefauver, John F. Kennedy, Richard Nixon) made their names through splashy investigations, not careful mastery of Senate politics, while those who did lead in the Senate (Richard Russell, Robert Taft) never got close to a shot at the presidency. Each party has a "presidential" branch and a "legislative" branch, and the two have little to do with each other. The exception to this rule, Lyndon Johnson, got to the White House through a complicated set of circumstances that help demonstrate this split.

Under Truman, southern Democrats in the Senate were less interested in supporting their party's president than in blocking civil rights legislation. Senate Republicans, meanwhile, had little constituent pressure for or against civil rights legislation but were concerned about Truman's liberal economic initiatives and wary of big government in general. The two groups forged an alliance to block presidential bills on economics and civil rights. When Eisenhower was elected in 1952, the alliance crumbled: the southern Democrats were less alarmed by any initiatives a Republican president might take on civil rights, while the Republicans could count on Ike to veto big-spending bills on their behalf. A new alliance emerged between (mostly northern) liberal Senate Democrats and Eisenhower. This resulted from bickering between the isolationist Senate Republicans and the more internationalist Eisenhower (who was, after all, former Supreme Allied Commander of Europe).

Where did this leave the southern Democrats? Isolated. After the alliance with the Republicans crumbled, the civil rights cause gathered momentum, and by 1957 the first major civil rights act became law. The southern Democrats, writes Reedy, "could not continue their opposition to *consideration* of civil rights legislation without accelerating the isolation process. At the same time, they could not openly toss in the sponge on civil rights without facing certain defeat at home. It was an excruciating dilemma." The solution to the dilemma, arrived at by Senator Richard Russell, leader of the southern Democrats, was to help put Senate Democrat leader Lyndon Johnson, a southerner of sorts and a liberal of sorts, in the White House.

Reedy details the efforts made by Russell and other southern Democrats to boost LBJ's power. The trick was to help Johnson achieve liberal legislative triumphs without seeming to cast a liberal vote. For example, on a public housing proposal that most southern Democrats were obliged to oppose because it smacked of welfare-statism, an amendment was introduced by the Republicans to knock the number of units from 750,000 down to 35,000. But the southern Democrats voted against the amendment, handing Johnson a prestigious victory. They then proceeded to explain to their constituents that this had been a vote *against* public housing.

Reedy's book bogs down in the final chapters, when he remembers that his thesis is supposed to be that paralysis in the Senate is good for the country. Reedy argues that the Senate must move slowly in order to perform the painstaking process of creating consensus. He writes that the dangers of moving too quickly are illustrated by America's hasty entry into Vietnam, when Congress was not given a chance to consider the issues. (What about the Tonkin Gulf Resolution?) The problem with this argument, apart from its inherent fuddy-duddiness, is that Reedy has spent the greater portion of his book telling the inspiring story of how LBJ whipped a sluggish Senate into action. That story, and Reedy's generally perceptive and well-crafted observations about the dynamics of the Senate, make his book worth reading.

—*Timothy Noah*

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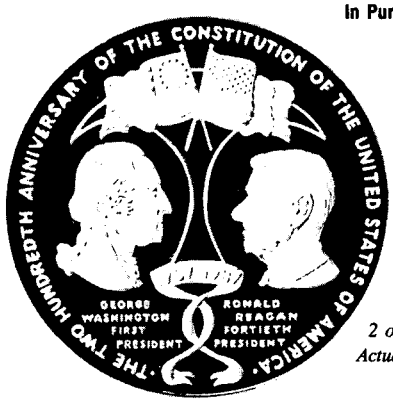

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